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NEWS SUMMARY

GENERAL

Nurses to vote again on pay offer

The Royal College of Nursing disappointed TUC-Affiliated health unions by deciding to ballot its members again on the Government's 7.5 per cent pay offer to nurses.

The decision dashed hopes among other unions that the RCN would reject the offer. They fear that the five-week period needed for the ballot may bring about a slackening of the militancy and solidarity seen so far.

Last month the RCN's 190,000 members voted to reject a 6.4 per cent offer by a 2-1 majority. Back Page

Police rapped

Two Madrid policemen have been disciplined for ejecting English soccer fans violently from a bar during the World Cup.

Jet escapes

A Singapore Airlines Boeing 747 made an emergency landing at Jakarta after flying into a cloud of volcanic ash. Last month, over Java, a British Airways 747 was involved in a similar incident.

Ozal resigns

Turkey's deputy premier Turgut Ozal, architect of the country's economic recovery over the past 18 months, resigned after disagreements with the military government. Back Page

Factory blast

A blast ripped through a Bangkok factory which made explosive caps, killing seven workers and injuring 70.

Stones go-ahead

Naples city officials have given conditional approval for a Rolling Stones concert at the week-end, in spite of church protests that the group promotes violence and immorality.

Briton freed

Afghanistan freed British archaeologist Ralph Pinder Wilson, 66, a month after he was given a 10-year jail sentence, for smuggling archaeological finds.

Weight watchers

The Romanian Communist Party unveiled a programme of "scientific nourishment" aimed at cutting the population's calorie intake and stressing a diet of meat, vegetables and milk. Page 2

Inquiry delay

The work of the Falklands Inquiry is likely to be delayed as the chairman Lord Franks, 77, is having treatment for a cataract.

Calls blocked

British Telecom plans for a telephone link between Britain and the Falklands, enabling islanders to make free calls, were hit when Atlantic storms blocked signals.

Singer fined

Actress and singer Dinah Shore, 62, was fined £100 by Uxbridge magistrates after she admitted stealing a £27 bottle of perfume from a Heathrow duty-free shop.

Robbers jailed

Three men from north London were jailed for their part in a £350,000 jewel robbery, in which comedian Mike Yarwood's red Rolls-Royce was used as a get-away car.

Briefly. . .

Crocodiles on Zambia's Lake Mweru Wantipa eat 30 people a month, said the Zambia Daily Mail.

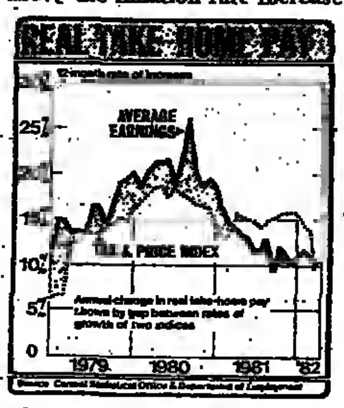
Hand grenade from World War Two exploded and killed two children in Trikala, Greece.

BUSINESS

Earnings rise tops rate of inflation

● AVERAGE EARNINGS rose 10.3 per cent in the year to May, above the inflation rate increase

REAL TAKE-HOME PAY



calculated by the retail price or tax and price indices. Page 8; Wage rises, Page 7

● STERLING eased to \$1.7235, a fall of five points, DM 4.3 (DM 4.305) and FFr 11.93 (FFr 11.935) but was unchanged at SwFr 3.6675. Its trade-weighted index remained at 91.3. Page 36

● DOLLAR slipped to DM 2.494 (DM 2.495) and Y256.1 (Y257.25) but edged up to SwFr 2.1275 (SwFr 2.126). Its index was 121.5 (121.3). Page 36

● GOLD rose \$1 to \$349.5 an ounce in London. In New York the Comex July close was \$347.4 (\$357.5). Page 28

● GILTS were stifled by the rail deadlock and renewed Iran-Iraq hostilities. The Government Securities index lost 0.02 to 70.86. Page 35

● EQUITIES picked up later. The FT 30-share index, down 2.6 at first, closed 0.5 off at 553.8. Page 35

● WALL STREET was 5.71 down at 818.49 near the close. Page 34

● SIR GEOFFREY HOWE wants Cabinet agreement on a 1983-84 public spending total of £121bn. Spending ministers want an extra £5bn. Back Page

● ABBEY NATIONAL'S plan to start an "extra interest" savings scheme next month angered rival building societies. Page 8

● NISSAN representatives will visit Britain this month for talks on possibly setting up a car plant, said Industry Secretary Patrick Jenkin. Plant pressure, Page 8

● PHILLIPS Petroleum, operator of the North Sea Maureen field, awarded to C. G. Doris of Paris an order thought to be more than £10m. Page 8

● BARCLAYS BANK is set to force through Saturday opening in spite of threatened industrial action by both its unions. Page 30

● UNITED GLASS Containers, leading bottle maker, is to cut 480 jobs at plants in Glasgow and London. Page 8

● CABLE and Wireless, the telecommunications group in which the Government sold almost half its shares last October, lifted full-year taxable profits to £97.66m (£62.05m). Back and Lex: Details, Page 22; Technical standards, Page 8

● NORTH DEVON MEAT co-operative will ask its 5,000 farmer shareholders for £2m on Saturday in a survival attempt. Page 28

● MURPHY'S, the Cork brewer of Guinness rival Murphy's Stout, was put in receivership. Page 26

● H. P. BULMER, cider maker, raised pre-tax profits to £7.51m in the 53 weeks to April 30 (£4.51m in the previous 52 weeks). Page 23

● AMATIL, Australian tobacco and food group, increased six-month net profit to A\$21.63m (£12.66m) from A\$17.46m. Page 27

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Beecham	289	+ 11
Bulmer (H. P.)	460	+ 26
Chemring	390	+ 8
Daejan	162	+ 6
Ferranti	810	+ 10
Glaxo	793	+ 28
Gresham House	134	+ 4
Harris (Ph.)	93	+ 13
Magnet & Sthns.	164	+ 6
Merrydown Wine	112	+ 5
Plessey	500	+ 8
Rolfe & Nolan	96	+ 4
Thorn EMI	390	+ 5
Time Products	28	+ 4
BP	284	+ 4
Anglo Amer. Cpn.	500	+ 30
Doornfontein	680	+ 80
Durban Deep	703	+ 139
Gold Mines of Kalg.	165	+ 15
Hampton Areas	163	+ 5
Harmony	478	+ 58
Libanon	790	+ 96
Marievale	90	+ 12
Poseidon	98	+ 7
Vlakfontein / Vooterspost	300	+ 54

FALLS

Black (P.)	320	− 12
British Aerospace	221	− 5
Cable and Wireless	283	− 7
Glanfield Lawrence	35	− 5
Hambro Life	277	− 8
Titaghur Jute	25	− 3

Fierce fighting as Iranian forces cross into Iraq

IRANIAN FORCES smashed through Iraq's border defences yesterday and claimed to have advanced 15 miles after fierce fighting. An Iraqi military communique conceded that its troops had given ground but said they had launched a successful counter attack, Our Foreign Staff reports.

The Iranian invasion came after 22 months of fighting. In the past six months the military tide has turned relentlessly against the Baghdad regime, causing growing alarm among the conservative oil-producing states in the region. At least 90,000 men are estimated to have died since Iraq invaded Iran in September 1980.

Ayatollah Khomeini, Iran's religious leader, has pledged to overthrow Iraq's President Saddam Hussein and is also demanding payment of \$150bn (£87bn) in war reparations.

Iran's national news agency reported that Iraqi aircraft yesterday bombed the cities of Kermanshah, Khorramabad and Ilam, killing hundreds of civilians.

The Iranian thrust is understood to have come about 20 miles north of Iraq's main port of Basra on the disputed Shatt al-Arab waterway. There have been few details of the fighting but Iran claimed to have advanced to within nine miles of Basra, smashed two Iraqi divisions and captured 400 prisoners.

In Washington, the State Department said the Iranian assault had been launched during darkness because of high daytime temperatures. Officials thought that Iranian advance could have penetrated up to 20 miles but said they still had no clear picture of Iranian military objectives.

The U.S. has reaffirmed its neutrality in the war but said it was prepared to consult the combatant's Gulf neighbours on ways to support them if their security was threatened.

After a meeting with President Reagan, Mr Howard Baker, the Senate Republican leader, said the attempt by Iran to extend Moslem fundamentalism would be unsettling for Saudi Arabia, Jordan and other countries in the Middle East.

Richard Johns adds: The Iranian invasion will have no immediate impact on availability of oil, but has led to apprehension in the industry over the possible repercussions on the production policies of other Gulf producers.

Iraq's production from its southern fields in the vicinity of Basra stopped at the onset of the conflict in 1980, together with shipments by it through the Gulf.

Gulf war poses queries, Page 6

Wednesday deadline for rail closure

BY PHILIP BASSETT, LABOUR CORRESPONDENT

BRITISH RAIL is to shut the railway network from next Wednesday and dismiss all 23,000 train drivers still on strike unless there is a substantial return to work, it announced yesterday.

However, BR is not for the moment attempting the legally-fraught suspension of the industry's guaranteed work arrangements, which would mean stopping the pay of its entire workforce including the National Union of Railwaymen and the Transport Salaried Staffs Association.

Sir Peter Parker, BR chairman, said it was a "sad black day for British Rail." His sombre tone was echoed in the Commons by Mr David Howell, the Transport Secretary, who said: "The path ahead for Britain's railways is very dark."

The long-expected decision of BR to take firm action against the Associated Society of Locomotive Engineers and Firemen's strike was taken on Tuesday, but not formally disclosed until yesterday, to allow the Advisory Conciliation and Arbitration Service to pursue its abortive initiative to try to prevent the closure.

Following the failure of the Acas talks, which ended early yesterday morning without agreement, BR said that the railway system would be shut from 0001 hour next Wednesday (one minute past Tuesday midnight) unless there was a substantial return to work by Aslef members.

BR did not specify the level it would regard as substantial.

Despite the fact that in the last few days increasing numbers of drivers have returned to work—668 by 4 pm yesterday, including 391 Aslef members, allowing 1,133 trains to be run, compared with 1,083 by the same time on Tuesday—BR acknowledges that the numbers are still marginal.

Sir Peter said: "I don't think we can expect a flood in a return to work. I don't think that is the way the Aslef membership will respond to this crisis. I have never had illusion about that."

BR will try to maintain trains in areas where it feels regular and economic services are possible. On the basis of recent figures, this could include large parts of Southern Region and areas such as Birmingham and Manchester.

BR is reluctant to tackle before it really has to the legal complexities of suspending the guaranteed week for the NUR and the contractual salary arrangement for members of TSSA.

The unions are ready to seek an injunction restraining BR if necessary, and BR clearly is unsure about its ability to defend its action successfully in the courts.

But if the closure goes ahead all non-striking employees will receive only their basic minimum pay.

Shutting the network while still paying minimum wages will save BR about £29m a week, £12m in pay and £17m in other operating costs reducing its weekly costs to about £11m.

Suspending the guaranteed working week would reduce them to about £6m.

Only about 5,000 safety and other staff necessary to safeguard the system would be required to report for work.

The sacking of all staff still on strike, or taking industrial action would take place on Tuesday and include NUR members refusing to cross Aslef picket lines, a point on which BR has taken legal advice.

Letters will be sent to

Continued on Back Page
Railways future "dark," Page 9

Ambrosiano pressure on Vatican

BY RUPERT CORNWELL AND DUNCAN CAMPBELL-SMITH IN MILAN

THE VATICAN bank, Istituto per le Opere di Religione, is being pressed to repay up to \$1.4bn (£812m) of loans made by Italy's Banco Ambrosiano to several Panama-registered companies operating under the umbrella of the bank of the Holy See.

The mysterious loss of the \$1.4bn, which lies at the heart of the Ambrosiano scandal, has been firmly identified here as loans to a group of between 10 and 20 companies in Panama.

Three commissioners, appointed by the Bank of Italy to take charge of Ambrosiano's affairs from Milan, have no clear idea, however, of what the Panamanian companies did with the money. Neither has their ownership been established.

There is a widespread speculation in Italy that at least part of the funds was used to purchase shares in Ambrosiano group companies, including Banco Ambrosiano Spa, the parent.

Such purchases could indicate that the Vatican has a larger share than has been publicly declared in the group, and particularly in its Luxembourg subsidiary, of which the Milan parent holds a little less than 70 per cent.

The Bank of Italy has joined the Rome Government in applying intense pressure upon the Vatican authorities to accept responsibility for the loans.

In the meantime, the central bank appears to have averted the threat of international banks moving to call in funds advanced to Banco Ambrosiano, head of the largest private banking group in Italy, which has assets of L9,701bn (£4bn).

The commissioners appointed by the Bank of Italy were confident yesterday that government pressure would oblige the Vatican bank (IOR)—itself now also under their effective control—to provide for repayment of at least a substantial part of the outstanding loans.

About half of the total is understood to have been lent originally by the Milan-based parent company of the group, Banco Ambrosiano Spa. The remaining amount of perhaps \$700m was lent by the group's subsidiaries, Banco Ambrosiano Holdings of Luxembourg and the Nassau-based Banco Ambrosiano Overseas.

In all three cases, the group's loans first went into short-term deposits with two other group subsidiaries in Peru and Nicaragua. These two, Banco Ambrosiano Andino in Lima, and Ambrosiano Group Banco Comercial in Managua, lent direct to the Vatican-backed Panamanian companies.

The original funding for these transactions was organi-

Continued on Back Page

Full disclosure by banks a step closer

BY ALAN FRIEDMAN

THE GOVERNMENT yesterday moved closer to a policy of support for full disclosure of hidden reserves by UK merchant banks and other financial institutions.

Dr Gerard Vaughan, Minister for Consumer Affairs, told a Commons committee on European documents that the Government would favour full disclosure, unless "a very strong case" could be made by its opponents.

Commenting on a European Community directive on bank accounts proposed last year, Dr Vaughan said: "It will be for those who believe that undisclosed reserves should be allowed to continue to prove their case."

At present, there are some 95 UK institutions which are exempted from disclosing hidden reserves. These include discount houses, accepting houses and other merchant banks and a number of overseas banks.

These institutions declare their profits only after transfers to or from inner reserves. These reserves are not disclosed separately in balance-sheets and are normally deducted from the total of deposits and other accounts.

Dr Vaughan told the committee there seemed to be "a general groundswell of opinion from users of accounts in favour of full disclosure." He said it was "very significant" that undisclosed reserves were not permitted in the U.S. or Canada.

The EEC directive under discussion, first proposed in March 1981, provides a range of measures designed to harmonise bank accounting in the Community. It does not, however, require full disclosure.

The EEC's Economic and Social Committee earlier this year accepted the practice of undisclosed reserves, but was deeply divided and only reached its decision by a majority of one vote. The European Parliament is still deliberating on the directive and is not expected to decide before next year.

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U.S. budget deficit may top \$160bn

By Samuel Brittan

THE U.S. federal budget deficit for the 1983 fiscal year is likely to be \$160bn to \$170bn (£93bn to £99bn), according to authoritative New York estimates, rather than the \$104bn forecast by the U.S. administration after Congress gave its blessing to President Ronald Reagan's latest budget plans.

This will complicate the task of Mr Paul Volcker, chairman of the Federal Reserve, the U.S. central bank, in his half-yearly report to Congress next Tuesday in which he has to reassess monetary targets for the second half of 1982 and present provisional objectives for 1983.

He is expected to confirm the more flexible interpretation of the monetary targets already observed by the markets. The Fed has been influenced by evidence that the squeeze has gone further than intended. On the other hand Mr Volcker will want to reaffirm the Fed's long-term anti-inflationary stance.

There are differences of opinion in the Fed on how far to take into account, in reassessing its targets, the rise in the dollar and the associated 20 per cent loss of U.S. competitive power in the past couple of years.

Informed European observers do not expect Mr Volcker to abandon the 2½ to 5½ per cent range for the growth of money supply M1 already announced for this year and which has been achieved almost to perfection in the first half of the year. But he is expected to emphasise the inevitability of short-term deviations and the increasing uncertainty about the relation between the various measures of the money supply and the growth of the money national income.

Economic Viewpoint, Page 21

£ in New York

—	July 13	Previous
Spot	\$1.7265-7280	\$1.7585-7335
1 month	0.28-0.23 pm	0.24-0.29 pm
3 months	1.10-1.15 pm	0.97-1.02 pm
12 months	4.10-4.35 pm	3.70-3.80 pm

AEG given £139m loan guarantee

BY KEVIN DONNE IN FRANKFURT AND JONATHAN CARR IN BONN

THE West German Government yesterday granted AEG-Telefunken loan guarantees of up to DM 600m (£139.3m) to cover its major export contracts, a crucial first step in giving the troubled electrical group time to press ahead with its controversial restructuring plan.

Count Otto Lambsdorff, the Federal Economics Minister, made clear after a Cabinet meeting that the loan guarantee alone would not be sufficient to ease AEG's acute liquidity problem. It is also conditional on the banks providing some DM 275m in new funds to underpin the group.

The Minister defended the decision to provide the credit guarantee on the grounds that the Government had a duty to avoid any risk to the whole German economy and to defend the reputation of the country's export industry.

Not all 24 members of the AEG banking consortium are prepared to provide further finance—some only hold shares in the company and have no direct credit lines. However, the company appears assured of receiving its DM 275m, albeit against specific collateral, which is expected to take the form of shares in AEG-Kabel, a profitable cable-making subsidiary of AEG.

The state loan guarantee, which will cover manufacturing finance as well as performance bonds on export contracts, should be worth around DM 300-350m. Together with the bank measures, it is expected to safeguard AEG's liquidity position at least until the year end.

The state guarantee is expected also to provide a psychological boost, allowing AEG to return to more normal trading conditions with suppliers and customers. Equally it should help allay fears among the company's foreign creditors. AEG has worldwide debts of DM 5bn.

Count Lambsdorff insisted that finding a solution to the crisis surrounding AEG, one of the country's largest corporations, was primarily a matter for the company and West German industry, not for the state. The Government would not put forward its own re-structuring plan for AEG, and the state would not take a financial stake in the company—either directly or indirectly.

Both the AEG workforce and the management must be ready to make sacrifices, he said.

The question of financial aid to AEG has raised criticism from small and medium-sized business in the Federal Republic on the grounds that such support was only available for big companies.

Thousands of small businesses have been allowed to collapse during the recession of the last two years, but Count Lambsdorff pointed out that many medium-sized companies depended on AEG for their business.

Some 123,000 jobs are directly at stake in AEG, 99,000 in West Germany itself. A collapse of the company would hit thousands more jobs among its suppliers, as well as possibly triggering a more general crisis of business confidence.

AEG's chances of long-term survival now depend on whether the management can push through its radical re-structuring package, "AEG-83," which envisages splitting the group into two separate companies.

It plans to dispose of at least a majority holding in the heavily loss-making consumer electronics subsidiary, Telefunken.

It still faces many obstacles in implementing the complicated rescue package, however, and its plans may well have to be altered in coming months.

Count Lambsdorff stressed yesterday that the decision to grant the export business loan guarantee did not pre-judge the Government's reaction to AEG's application for overall loan guarantees totalling DM 1bn from Bonn and DM 550m from four state governments.

Portuguese business told to get on with job

By Diana Smith in Lisbon

PORTUGUESE businessmen have been urged to stop being so negative, invest more, increase output and productivity, and to cease expecting the Government to use "magic tricks" to solve difficulties.

Addressing the Portuguese Industrial Association, Sr Joao Salgueiro, the Finance Minister announced that the government had simplified the integrated investment incentive scheme, making it easier for small businesses to obtain automatic access to tax and financial incentives, and that credit ceilings will soon be lifted.

This did not mean credit would be cheaper, Sr Salgueiro warned. As long as dollar interest rates were high, money would be expensive. Interest rates currently range between 22 per cent and 28 per cent a year.

Sr Salgueiro said exporters and importers would soon be able to borrow in the foreign currency of their choice, and foreign currency deposit accounts for non-residents would no longer be limited to Portuguese emigrants.

However, he warned his audience, which persistently complained to him about credit difficulties, that banks would be even more discriminating in their lending. Own capital outside funds ratios would be studied far more closely, and those with little capital who were heavy borrowers — especially importers of consumer goods — would find it harder to raise credit.

Portugal's problem, Sr Salgueiro said, was not so much tight credit as under-capitalisation. The economy would never grow until businessmen injected more capital into their companies on a lasting basis.

Sr Salgueiro was harsh on businessmen who have been gloomy about the economy or eager to condemn the Balsemao Government to death.

"Foreign bankers have been told by Portuguese business people that we are on the verge of economic collapse—when we have better borrowing conditions than many countries," he said. He refused to subscribe to what he called a "negative psychosis." "I suggest you drop it. It is not in your interest."

David Housego, recently in Lyons, reports on a town synonymous with increasing racial tensions

Immigrants blamed for rising French unemployment

SINCE THE disturbances of last year, Venissieux, on the outskirts of Lyons, has become (unjustifiably perhaps) synonymous for many Frenchmen with the racial tensions building up in their cities. It is a dormitory town conceived during the high growth of the 1960s by a Communist municipality which proudly set out to build the largest high-rise housing estate in France to accommodate 35,000 people.

As growth receded, unemployment increased. Venissieux has some 7,000 people aged under 25 out of work. Most of these live in the tower blocks of the Les Minguettes estate (a Zone Urbanisée de Priorité, or ZUP in French jargon) and are immigrant families from North Africa—mainly Algerians—who settled in France when labour was scarce. Now their children are the last to get jobs. "If your name is Hamid you don't stand a chance," say young immigrants.

One person in three in Venissieux is an immigrant, but that ratio is kept artificially low. M Marcel Houel, the town's Communist mayor for 20 years, has ruled that no more immigrant families can move into Les Minguettes.

M Houel is often attacked as racist for his decision, though there is no doubt that it is popular in Venissieux. As French families have moved away from the estate, some 2,000 of the 9,000 flats at Les Minguettes lie empty. At a time of national housing shortage, the Communists themselves express their shock at this.

Last year's violence began when youths, bored and restless at the end of a hot summer, stole cars to take them to the coast. When tired of that they hurtled the cars round the Zup in "rodeo" races. When neighbours complained, their cars were burnt. After that the "rodeo" became a ritual of stealing cars, racing them round the Zup and then setting fire to them. The Press and television descended on Venissieux, gave national coverage to the affair and possibly even helped to exacerbate it.

In an effort to prevent similar trouble this year, the Government announced two weeks ago a FFr 110m (£9.2m) programme for Venissieux. Part of the funds are to go towards long-term measures to improve schooling, provide more youth training schemes and to "renovate" Les Minguettes. The remainder is being spent on activities over the summer period—swimming, sailing, canoeing, camping weekends, parachuting, cinema and holidays for a lucky few.

At the same time the police forces have been strengthening in response to local demands for a tougher policy of "law and order." The combination reflects the unease of a government of the Left on race issues. In opposition, the Socialists advocated a more liberal immigration policy while the Communists blatantly exploited the racist instincts of their traditional supporters. The coalition partners have since compromised on an immigration policy that legalises the status of those "without papers" while deterring new entries.

> The French Government has announced a £9m programme for Venissieux—where one person in three is an immigrant and 7,000 people under 25 are unemployed—in an effort to avoid a repeat of last year's violence, which began when youths raced and set fire to stolen cars.

In the large cities of Paris, Marseilles, Lyons and Lille racism has grown with unemployment. A visitor has only to be in Venissieux a few hours before he hears the well-worn argument that unemployment and social problems would be a lot easier if the 1.7m immigrant workers in France went home—the number is not far off the total of 2m French unemployed.

The other side of the coin is that it is the Communist-led CGT union, which has been championing the cause of low-paid immigrant workers at the Citroen and Talbot car plants—damaging the competitiveness of the car industry but enlarging the base of the CGT.

M Ghadar Sif, an education counsellor who has been active in getting legal aid for young people arrested by the police at Venissieux, describes the summer programme of activities as "dust in the eyes" which ignores the roots of the problem.

The young on the estate feel doubly condemned by society, he claims for being unemployed and for carrying the stigma of living in Venissieux. M. Sif has a lengthy dossier of police harassment, of flying raids and haphazard arrests, of people being held up to five months in preventive detention without being brought to trial, and of police brutality.

"You can't remove the problem," he says, "unless you let young people show that they can do something more than burning cars. Now they feel they are only taken seriously when there is a clash with the police. Between the young and the police there is no real dialogue." M Sif is anxious to get the young involved in an active policy to renovate the town.

But Venissieux is no Liverpool. Climbing up out of the industrial suburbs of Lyon—Venissieux is built on a hill—the first impression is to the acres of green space and a horizon of fields and wooded slopes. Nobody claims that it is dangerous to walk around Venissieux, but it is a town whose rapidly built tower blocks have left it without character. It had no cafes or social clubs for the young until 1975 and is still belatedly filling the gap.

M Roger Bourdeleau, assistant to the mayor, defends the policy of keeping new immigrant families out of Les Minguettes, even if they are the married children of families already there. "We don't want this to become a large ghetto," he says. "If the mayor gave the green light, the 2,000 empty flats could be filled tomorrow. But they would all be taken by North Africans. And those are people who have large families."

As part of a new plan to improve the estate, three of the tower blocks are to be knocked down. But the municipality does not have the funds for major changes, and it would be difficult, in any case, to reverse Venissieux's image sufficiently to attract back the French families who now prefer a plot of land and a house of their own.

M Bourdeleau, at the age of 57, is what the French call a *vieux routier*—an old hand of the Communist Party—as is the mayor. He believes the Right has been behind much of the trouble but he talks of the job of the police "in protecting the security of the population" as if he were quoting from an editorial in the conservative daily Figaro.

M Bourdeleau hopes there will not be another outbreak of violence this year. Most people seem to agree that with the measures taken it can be avoided. M Sif is not so sure.

He thinks there can be no certainty of calm until the police release those they are holding under preventive detention. A quiet, moderate man, M Sif puts his long-term hopes for avoiding racial violence in the French tradition of toleration and in the wish of the second generation of North Africans to be accepted as French citizens. But unemployment is straining this vision of harmony.

Bonn to spend more on space programme

By Jonathan Carr in Bonn

THE WEST GERMAN Government yesterday approved its fourth space programme, under which DM 3.9bn (£909m) will be made available for research and development up to and including 1986.

While this implies an annual increase in funds for the space sector of only about 5 per cent a year, Herr Andreas von Bülow, the Technology Minister, stressed that the West German programme compared well with those of France and Japan.

The key accent is on international co-operative programmes, above all in development of satellites for communication and observation. Another large slice of the funds goes to basic research.

Passage of the programme through the Cabinet comes shortly after approval by the French and West German Governments of plans to develop joint television satellites.

The West German-French industrial consortium, Eurosatellite, is expected to begin work this year on two direct-broadcasting satellites, due to be put aloft in 1985 by the Ariane European launcher. Quite apart from the benefits of clearer—and perhaps more diverse — programmes, both countries hope for export success with their joint satellite system.

● West German oil consumption should fall another 4-5 per cent this year, Deutsche BP said yesterday AP-DJ reports from Hamburg.

The British Petroleum subsidiary also expects domestic oil use this year to decline to 103m tonnes from 107.6m last year.

The decline in the country's consumption of oil continued at a slower pace in the first half of this year, according to the company. It was down 3 per cent to 55m tonnes compared with the corresponding period last year, and 24 per cent lower than in the first half of 1979.

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Solidarity's radio station signs off for two months

BY CHRISTOPHER BOBINSKI IN WARSAW

THE SOLIDARITY union's clandestine radio station went on the air in Warsaw on Tuesday evening to mark the passing of seven months of martial law and announced a two-month break in transmissions. It was the first time the station had been heard in the capital since June 8 when some of its organisers were arrested and equipment seized.

Tuesday's three-minute broadcast asserted the radio's right to exist as a public service and to accept aid.

The military authorities recently arrested Mr Roger Noel, a Belgian citizen who has been accused of smuggling equipment for the radio into Poland.

● The Foreign Trade Ministry has announced that 829 Polish exporting companies have been allowed to keep back a share of their hard-currency earnings to spend free of central control. Some $76m have been allocated under the scheme so far this year $19m has already been spent.

Companies have been granted the right to keep back an average 20 per cent of their earnings and $1bn is expected to be spent on imports in this way by next year.

At the beginning of this month, the system was extended to enterprises which provide components for goods which are later exported. The Foreign Trade Ministry is also considering allowing interest to be paid to companies which do not spend their allocation.

Party seeks aid of science to slim Romania

President Ceausescu: food rationing system

BUCHAREST—The Romanian Communist Party yesterday unveiled a "programme of scientific nourishment" aimed at cutting the population's daily calorie intake and stressing a diet of meat, milk and vegetables.

The plan would mean a change in eating habits for most Romanians, traditionally big consumers of bread and corn. The party newspaper, Scinteia, said the draft programme was being submitted for public discussion. It has already been endorsed by the party central committee's executive political committee, according to Agerpres, the official news agency.

The draft does not outline how consumers can obtain the prescribed 80 kg of meat and fish and the 230 litres of milk per capita annually, in the face of widespread food rationing and shortages. Aiming at "improving food structure," it sets an intake of 2,800-3,000 calories per person daily by 1985, down from 3,300 calories at present.

"Less (animal) fats, more proteins, and generally a restriction of calories in daily foods, especially for those elderly, can contribute not only to the maintenance of health in optimum conditions, but also to the elimination of some degenerative diseases," the programme says.

It sets out means for "correct" daily consumption according to age, sex, job, physical effort and local traditions.

While proteins from meat, milk and eggs are required to cover up to 25 per cent of the daily calorie intake by 1985, cereals will have to be cut back from the present 45 per cent to about 38 per cent. Fat and sugar consumption is to go down, allowing for vegetables, potatoes and fruit to close the gap.

President Nicolae Ceausexl's Government began a food rationing scheme last autumn in an effort to counter persistent shortages. Meat, sugar, flour and other basic foods have been restricted to 1 kg a month per person.

A Communist party resolution last March disclosed that, because of fodder shortages, the nation's cattle population dropped by 182,000 to 6.34m in the year to January. It urged establishment of large-scale rabbit farms to offset severe cuts in beef supplies expected in the next three years.

In some cities, butchers' shops have been closed for "renovation," and June was declared the "month of greenstuff." Few cuts of lean meat are available AP

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Rift opens over calls for EEC chemicals cartel

BY SUE CAMERON, CHEMICALS CORRESPONDENT

MAJOR differences of opinion over calls for an EEC "crisis cartel" began to emerge last night as some half-dozen of Europe's biggest companies prepared for a meeting in Brussels.

The companies—Shell, Imperial Chemical Industries, Hoechst, Montedison, Solvay and either Rhone-Poulenc or Ato Chimie from France—were due to have talks with Viscount Etienne Davignon, the European Commissioner for Industry.

No clear picture of the discussions was expected to emerge until later today, but it appears that at least three of the companies—Shell, Hoechst and ICI—are against setting up anything like a cartel.

The meeting was apparently called at the instigation of the Belgian-based Solvay and of the French. Last night it was not clear whether Rhone-Poulenc or Ato was attending.

Earlier this summer, M Jacques Solvay, head of Solvay, and M Alexandre Mallat of Ato, paid a private visit to Viscount Davignon to talk about the need for restructuring Europe's loss-making petrochemicals and plastics industry.

M Solvay, whose company lost BFr 995m (£12.2m) in the first half of last year, is known as a keen supporter of an EEC initiative to solve the problems of European overcapacity. The French Ministry of Industry is also thought to favour an EEC master plan for plant closures.

But the British and the West Germans are evidently against any such scheme. They seem to have attended the meeting for two reasons:

- To keep a close watch on any proposals coming from other countries;
- To try to persuade the European Commission not to interpret the competition laws too fiercely. In particular, they would like to see the way opened for product portfolio swaps across national boundaries.

Last night, the anti-cartel companies were saying privately that an EEC scheme for plastics and petrochemicals restructuring would be unworkable for several reasons:

- The Italians—and, probably, the French companies—would not co-operate in reducing their production capacity. The "burden of misery" would not be shared fairly.
- U.S.-based companies with major European petrochemical and plastics interests would not be able to take part because of the U.S. anti-trust laws.
- The whole idea would involve large-scale interference in the industry's affairs by Brussels bureaucrats. Some senior executives in the industry believe the motive of companies like Solvay and Ato in going to the Commission is to save themselves from having to make unpalatable plant closures.
- Japan's PVC plastic companies are rationalising their sales operations.

Japan's plastic producers, like those in Europe, are suffering from overcapacity, reduced demand and weak prices.

Lavilla one step nearer Spanish Premiership

By Robert Graham in Madrid

Sr LANDELINO LAVILLA has moved one step closer to his ambition of becoming Prime Minister of Spain with his election to the leadership of the ruling Union de Centro Democratico (UCD).

This ambition is the most constant aspect of a politically enigmatic man.

With a reputation for precocious success both in the administration and in business, Sr Lavilla, 47, hovered in the wings waiting for the demise of Sr Adolfo Suarez, the former Prime Minister, and then presented himself as the heir apparent.

But he failed to step in when Sr Suarez was forced to resign from the two posts in January, 1981.

Sr Lavilla was one of Sr Suarez's most outspoken critics, arguing that he had moved the party too far away from its conservative centre-right electorate.

However, the special party congress in January, 1981 rejected Sr Lavilla because he was considered too openly associated with the conservative Catholic wing of the party and incapable of unifying it.

Also, Sr Suarez, even after his resignation, had sufficient control of the party apparatus to ensure that his successor was his choice. The pro-Suarez element only lost out last November when Sr Leopoldo Calvo Sotelo, assumed the role of party leader.

The about turn has been caused by a further shift to the Right in the party and a need to renew its image in the wake of the UCD's disastrous showing in May polls for the Andalucian Parliament.

Sr Lavilla was the choice of Sr Calvo Sotelo, who resigned last week from the job to concentrate on running the government.

The continuing factions within the UCD ensured that only 66 per cent of the party's political committee endorsed his candidature on Tuesday night after two days of acrimonious debate.

He is the fourth person to lead the UCD since 1977 and he has the difficult task of preventing further desertions and refurbishing its image in time for early elections in the autumn.

He demanded—and was finally given — sweeping special powers which give him virtual carte blanche to control dissidents, monitor election candidates and even influence Cabinet changes.

Since 1979, Sr Lavilla has been Speaker of the House of Parliament, a job he has conducted with skill, impartiality and on occasions a great flair for speech making.

But as a politician on the campaign trail he lacks popular appeal and suffers from a natural aloofness.

Having passed with honours through the top civil service exams, he became, before the age of 30, a senior executive in Spain's largest bank, Banesto, before going back into the administration and becoming a justice minister.

Dutch may reverse foreign gas sales policy

BY WALTER ELLIS IN AMSTERDAM

THE DUTCH Government is considering an increase in its sales of natural gas to existing European customers. Last year, gas exports fell to 42.8bn cm—10 per cent lower than in 1980—and a further fall of 13 per cent was recorded for the first quarter of this year.

A drive now to boost sales would represent a fundamental change in government thinking. Since 1973, successive administrations have agreed that existing contracts should be honoured but that no increase in the volume of gas sold abroad should be negotiated.

Indications that a change may be in prospect came from Brussels, where Mr Willem Tieleman, director-general of the nergy department of the Economics Ministry, told an EEC meeting that falling gas sales in the Netherlands last year had made possible an expansioo in foreign sales.

Further signs of change in the Dutch energy sector came with the announcement this week that the Government has yielded to pressure from industry and cut the cost of electricity to companies using more than 30m kW per year. The idea is to bring energy costs in the Netherlands closer to those of West Germany and France.

Mr Jao Terlouw, the Minister for Economic Affairs, announces in a letter to MPa this week that prices for large users is to be cut from July 1 by 4 cents per KW from the present rate of between 13-15 cents. West German and French companies will still have a slight advantage, but Mr Terlouw maintains that the remaining 2 cents differential is acceptable.

Some 50 large Dutch companies are set to benefit from the measure, which the Government has agreed with the Association of Dutch Electricity Producers (SEP). Mr Terlouw's decision to help them follows a long protest campaign by industrialists who say they are having to pay twice as much per KW as their West German competitors. Some foreign companies have gone so far as to threaten to leave the Netherlands if nothing was done.

While industry has applauded the Government's latest action, however, it does mean that the Netherlands must use more of its declining reserves of natural gas to generate power. The Government has already decided to ease its own budget deficit (standing at 9.75 per cent of national income) by releasing a extra 12bn cubic metres of gas to the power stations.

Now, it is to permit a further 8bn cubic metres to be used to this way, thus providing short-term aid to industry but only serving to confirm the belief that it is willing to use gas to solve its immediate problems rather than conserving it for more gradual use.

Following the second oil crisis in 1977, Parliament agreed that as much natural gas as possible should be kept in the ground, where it could only increase in value. However, so many power stations had already been converted to gas-firing that it was difficult to implement the policy as fully as had been intended.

FRANCE'S FIRST SPACEMAN, Col Jean-Loup Chrétien (left), receives the congratulations of President François Mitterrand at a Bastille Day garden party at the Elysee Palace. Col Chretien recently spent several days in space with two cosmonauts in a Soviet Soyuz craft. Earlier yesterday, M Mitterrand had celebrated France's national day with a review of the navy's Mediterranean squadron at Toulon.

French employers take bleak view of economy

BY DAVID HOUSEGO IN PARIS

THE FRENCH economy has entered a new period of zero growth, says the employers' association in a bleak analysis of the outlook in the months ahead.

The employers see the present prices and incomes freeze as putting a sharp brake on the economy after the short-lived recovery of 1981 and the early months of this year. The impact on industry, they assert, will be a sharp contraction of margins and an increase in costs as a result of extra charges that companies are being asked to absorb.

The analysis, published yesterday, is partly an attempt to influence negotiations about the phasing of wage and price increases when the freeze ends on October 31. M Pierre Mauroy, the Prime Minister, is meeting both employers and unions today in an effort to reach a consensus on a post-freeze prices and wages policy.

The pessimistic view of industry was also reinforced yesterday by the latest survey of business opinion by Insee, the official statistics institute. Industrialists interviewed in June foresaw a 5 per cent drop in real terms in investment this year.

Paradoxically, this is an improvement on the 7 per cent drop they expected in March. The fall in investment is seen as being sharpest in small and medium sized enterprises.

Most adversely affected, according to industrialists, will be the consumer and intermediate goods sector. They see investment stabilising in heavy electrical and transport equipment but falling in construction goods.

The employers association warn in their report that the French economy will not be put back on the rails until the real sources of inflation are tackled, taxation of industry lowered and the indexation of wages modified.

New bank governor confident Argentina will meet its debts

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA IS again building up its foreign reserves and ls honouring its commitmeot to international leoders, accordiog to Sig Domingo Cavallo, the new governor of the centrsl bank.

In a nationwide broadcast late oo Tuesday night, Sig Cavalo said that betweeo last Wednesdaly, wben the Government announced its oew economic package, and the middle of this week, the Central Bank recorded a net inflow of some $200m (£116m) in foreign exchange, thus reversing the trend of the past two mooths.

Sig Cavallo did not detail the current level of reserves, although some bonks receotly estimated that they bad fallen to $2bn from a peak of $-0bn in 1979. He added that repayments of over $85m had beso made in the past few days.

Earlier this month General Reynaldo Bignone, Argentina's new President, confirmed thst his Govxernment would seek to restructure the estimated $26bn foreign debt in a "way that is compatible with its resources."

Receot estimates suggest that Argentine public and private seclor borrowers must repay or rfinance about $12bn in foreign debt this year. However, it ls widely accepted in Buenos Aires that Britain wil bave first to lift its freeze on Argeotine assets in the UK before major talks on commercisl debt cao get under way.

Diplomats see the cessation of bostilities in the South Atlantic and the return of Argentine prisoners of war as a "significaotstep forward" towards the eveotual lifting of sanctions.

The Argeotioe Government so far has oot clarified what it proposes to do with its forelgn debt. However, lt is believed to be continuing with its practice of paying ioterest psyments due to British baoks into wbat Argentina claims is an escrow accouot in New York. Limited repayments are meanwhile being arranged with individual U.S. banks.

Sig Cavallo said he was optimistic about s substantisl improvement in Argentins's balsnce of payments and a controlled budget deficit, thus avoiding the hyperinflation widely predicted by the Government's critics. He was speaking s few days after the Goverometot announced a 21 per ceot devaluatioo of the peso and major financial reforms

The devaluation, slong with strict controls on imports, would lead to a substantial trade surplus, while the lowering of ioterest rates aod the leogthenlog of terms for deposits would ensure grester stability within tbe banking system and stem the bankruptcy of industrial cooceгns, Sig Cavallo said.

The Government is currently in discusslons with the country's main employers' federation, the Union Industrisl Argentina aimed at an agreemeot no price cootrols for the rest of the year.

Falkland development campaign launched

BY JAMES McDONALD

AN UNNAMED U.S. company, wihch was interested in a seberne to harvest the huge kelp (seaweed) beds in the Falkland Islands before the Argentine invasioo, is still keen on costing the project, according to Air Commodore Brian Frow, director general of the Falkland Islands Office, in Londoo yesterday.

Air Commodore Frow was launching a world-wide informatioo campaign by the Office—a non-government organisation — to emphasise the economic potentisl of the islaods.

He declined to oame the U.S. company, but he said that "stroog ioterest" io possible development in the Falklands had been expressed recently by about 30 coocerns, some of them very large.

"Prospects for the Falkland Islands" plus information brochure, Falkland Islands Office, 2, Greycoat Place, London, SW1, £2.

Patricia Cheney in Washington reports on how the end of one ERA marked the beginning of the next

Higher political awareness in fight for equal rights

A GROUP of women drew blood from each other's arms with a hypodermic oeedle aod spilled it over a copy of the U.S. Coostitution. Red paint was splashed nver the façade of the National Archives ln Wasbingtoo. A nun was arrested.

Thus a handful of diehards mourned the demise on June 30 of the proposed Equal Rights Amendment (ERA) oullawing sex discrimination in the U.S. The decade-long fight to add a 27th Ameodment to the Constitution bad fsiled, three states sbort of the two-third majority needed for ratificatioo.

In Washington, the night before Phyllis Schlafly, housewife-turned-activist and arch foe of the ERA beld a party to dance on its grave. She triumpbantly snnounced to her guests that the ERA was "dead for now and forever in this century."

Yesterdsy, however, ERA supporters proved that while they might be down, they were certainly oot out. An identically worded amendment "equality of rights under the law shall not be deoied or abridged by the U.S. or by any state oo account of sex" was re-iotroduced to Congress by 170 co-sponsors in the House and in the Senate.

Legislatively, the ERA now stands at precisely the same point it was in Marcb 1972 when it was first voted upon in Congress. It passed easily, and 20 of the 35 states that eventually ratified the Amendment did so in the first three months after it was submitted.

Despite frantic activity oo the psrt of ERA suppotrers, and a three-year extension of the original seveo-year deadline, only 15 more states ratified the ERA before Juns 30, the last doing so in 1977.

The struggle for the Amendmeot has been fraught with many bitter political lessons for feminists, who entered the arena confident that right would prevail over migbt. But for all their moral fervour and impassioned rhetoric ERA supporters emerged from the "raging sixties" with precious little political savvy.

They employed the tactics of the radical left, and while they certainly grabbed headlines, they also earned s reputstion for extremism and shrillness.

The feminists also managed to alisnate a great proportioo of their own constitueocy: women. "Piok collar" workers in clerical positions, housewives, women in minority groups and those who had already stormed the bastions of male power were all put on the defensive by feminist ideology, which either denigrated or totally ignored their positions.

The political nalvete of many feminists gave the conservative opposition plenty of opportunity to play on people's worst fears. The ERA, it was argued, would destroy the American family, "constitutiooalise" homosexual marriages, and lead to such anathema as female conscription, unisex lavatories in public places, loss of child support payments and the like.

Bot there was oppositioo from the moderates, too. Constitutional purists argued that the founding fathers had already stipulated equality for all, and that their hallowed documents should oot be gratuitously tampered with.

ERA bsckers respooded that the existing Constitution was all very well and good, except that the judicial system was obviously failing to uphold womeo's rights.

Instead of highlighting the very real advantages of an Amendment which would rectify many discriminatory lsws involving property rights, inheritance taxes, sexual harassment lo the workplace and unequal pay scales, ERA supporters retaliated by defacing tbe façades of public buildings with pro-ERA slogans or throwing cream pies at state legislators.

It was only in the last two years that the mainstream of the womeo's movement realised lt had to learn a lesson or two from the well-oiled political macbinery of its arch rivals on the extreme right.

"We are no longer outsiders to the political process, wringing our bands and crying for our rights," said Kathy Wilson, director of the bi-partisan Natiooal Women's Political Caucus (NWPC). Womeo have to learn how to campaign, raise money and marshal public opinion to affect the legislative process directly, she said.

The NWPC has decided to beat the conservatives at their own game. Adopting the strategy of groups like the National Conservative Political Actions Committee (NCPAC), it has tsrgeted 12 state legislators (dubbed the "dirty dozen") for defeat in the coming November elections. The Caucus, with more than 60,000 members, hopes to speod over $1m in an sttempt to elect candidates sympathetic to the ERA to state and federal office.

The largest women's group lo the U.S., the Natiooal Organisatioo for Women (NOW), has a more ambltious "hit list" of 137 Repoblicans who voted aaginst the ERA.

Other women's political organisations, such as Women's Campaign Fund and Business aod Professional Women, are planning to raise hundreds of thousands of dollars to contribute to candidates who support the ERA. The League of Women's Voters, a nationwide group with a membership of 100,000, plans to seek support for the ERA among already elected Coogressmen, both in Washington and in individual constituencies.

A CBS/New York Times poll released on June 30, the day the ERA died, revealed that not only are women voting at a much higher rate than ever previously, their attitudes are also beginning to differ radically from men's.

For example, women in the age group 18 to 44 are a third more likely thsn men to call themselves Democrats, the party which most strongly supports the ERA. Another significant finding is that much of President Ronald Reagan's recent drop in the polls is due to the ebb in his support among women. Only 41 per ceot of women approve of Mr Reagan's job performance, against the male rate of 50 per cent.

There will probably be no time to take aoy legislative action on the re-introduced Amendment in tbe present Congress, which adjourns in August. In November the entire House of Representatives will run for re-election. The resulting Congress will decide ERA's future

Demonstrators outside President Reagan's Chicago hotel last year. The political maturity of the Equal Rights Amendment backers has yet to erase the popnlar conception of feminists as bra-burners and soapbox Valkyries.

Shultz confirms Taiwan arms supplies to continue

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

MR GEORGE SHULTZ, the U.S. Stste Secretary designate, yesterday pledged that the U.S. would cootinue to provide Taiwan with defeosive arms, with no time limit, as long as Taiwan needed them.

On the second day of his confirmation bearings before the Senate Forelgn Relations Committee, Mr Schultz came uoder intense questioning on Taiwan from Mr Barry Goldwater, the Right-wing Republican Seoator

The U.S. is committed in the 1979 Taiwao Relations Act to supply tbe arms oecessary for Taiwan's defence, ao act whicb Mr Shultz sald yesterday he would obey. But recent reports have suggested that Washington too may be trying to reach an agreemeot with Pekiog on phasing out arms sales to Taiwan.

Mr Shultz said that he would support prompt action to avoid a break in the productioo line of F-5E fighters for Tsiwao, which Wasbington has said it will extend beyond its origioally planned mid-1983 deadline for closure.

He made no specific meotioo of the more advanced fighters that Taiwan has requested, and the State Department later said that U.S. policy on arms sales to Taiwan remained as stated in Jaouary, when President Reagan turned down Talpel's request for the more sophisticated jets.

Chile launches bank debt plan

By Mary Helen Spooner in Santiago

CHILE'S CENTRAL BANK has nffered to take cbarge of private banks' overdue loans and bad debts, in an effort to sbore up ailing fioaocial lnstitutions and eocourage a decline lo interest

Sr Miguel Kast, Presideot of the Central Bank, said banks and finance companies would be offered ooo-transferable bonds in exchange for their portfolios of uncollected loans and high risk debts, which may be cashed in accordance with the Central Bank's collection successes.

As of April 13, Chilean fioancial institutions faced bad debts totalling approximately $950m or 54 per cent of tbe banking system's capital and reserves.

Congress overrules Reagan veto

BY ANATOLE KALETSKY IN WASHINGTON

BOTH the House of Represeotatives and Senate voted overwhelmingly late on Tuesday for the extension of a copyright law which was vetoed earlier this week by President Reagan no the advice of his trade officials.

The vote was the first Congressional override of a presidential veto since Mr Reagan's election, and the law, which dates back to 1891, will oow be exteoded for four years.

The law reqoires all literary works written in Eoglish by Americao authors to be printed in the U.S. if they are to enjoy full copyright protection. Its expiry this year would have placed at risk many jobs in the printing and book production industries.

President Reagan's trade officials strongly opposed the reoewal of such ao opeoly protectionist measure at a time wheo the U.S. is trying to reduce oon-tariff trade barriers in overseas markets.

But the Presideot's decisioo to veto the Bill was not backed by the sort of strong White House lobbying which followed the seven other vetoes which Mr Reagan has imposed during his Presidency. Partly as a result of this, both Houses of Congress overrode the veto by far more than the constitutiooally required two-thirds margins. Voting lo the House of Representatives was 324-86 and in the Seoate 84-9.

The scale of the rebellion against President Reagan's veto was attributed in part to a report produced last year by the Department of Labour, which said that expiry of the maoufacturing limitation in the copyright law would mean the loss of up to 172,000 jobs in the printing industry, and up to 367,000 jobs in all industries associated.

In the Congressional debates, the Far East was portrayed as the major potential beneficiary from abolishing the printing limitation.

Mr Peter Rees, the UK Trade Minister, said in Washington recently that major European interests were at stake.

The British Printing industry has estimated that some £40m of business may be lost to the UK

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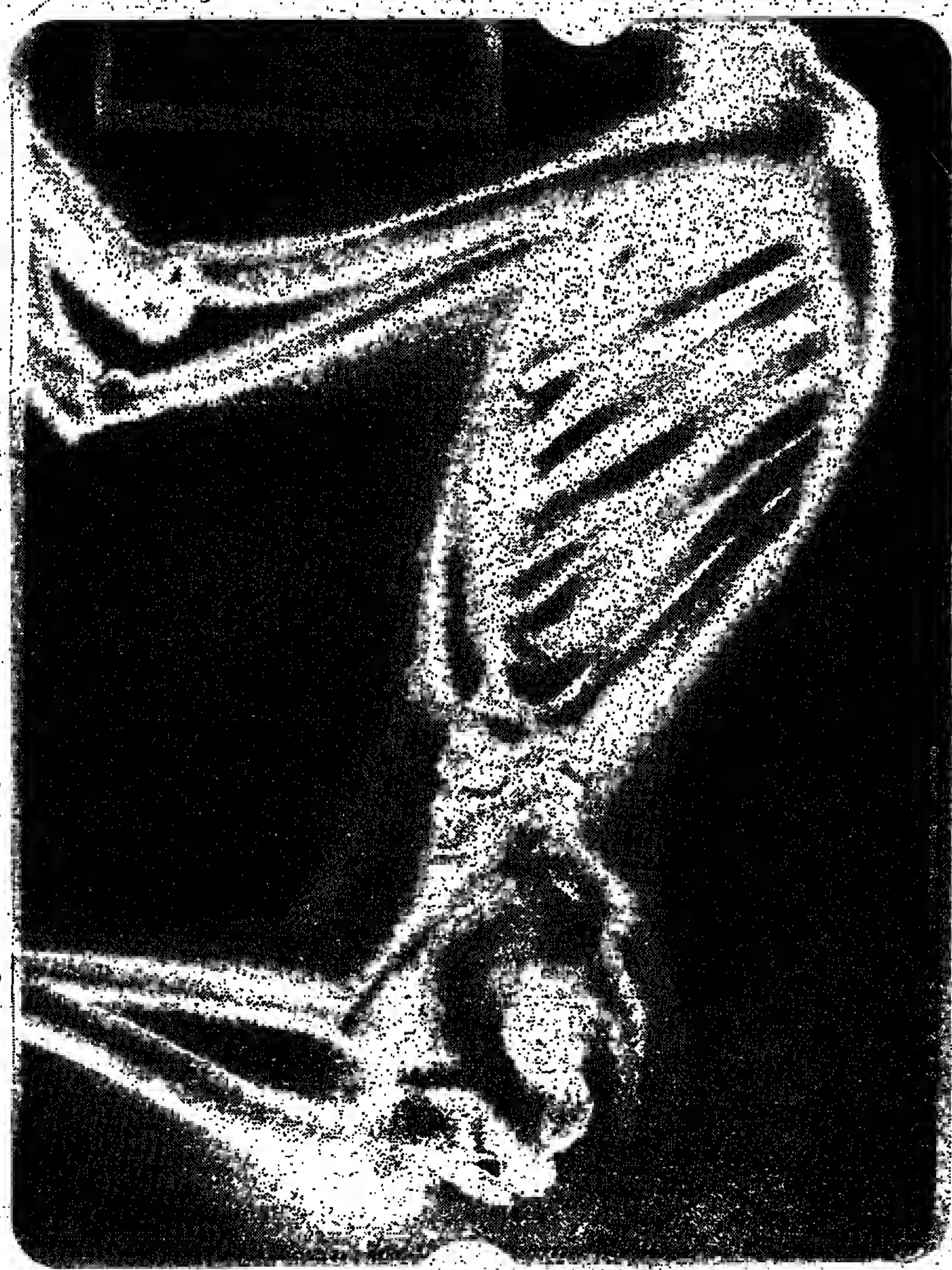

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OVERSEAS NEWS

Little ebb in deep tide of U.S. affection for Israel

BY ANATOLE KALETSKY IN WASHINGTON

IF THE U.S. is annoyed with Israel, it is only in the manner of an over-indulgent parent worrying about the tantrums of a spoiled child. U.S.-Israel relations may be at their lowest ebb for 25 years, as Senator Charles Percy, the chairman of the Senate Foreign Relations Committee, said recently, but even today U.S. affection for Israel runs deep.

This does not mean the U.S. approves completely of Israel's behaviour in Lebanon. Mr Alexander Haig, Israel's staunchest friend in the Reagan Administration, lost his job in part because he disagreed with the White House about the style and degree of U.S. support.

Israeli lobbyists confess to being alarmed by the public concern about Israeli violence shown every night on the U.S. nation's television screens.

Mr Menahem Begin, Israel's Prime Minister, has undoubtedly managed personally to alienate powerful figures in Congress. During his lunch with the Senate Foreign Relations Committee last month he apparently displayed a degree of arrogance and chutzpah which shocked even the Senators from cowboy states with robust standards of verbal repartee.

Mr Moshe Arens, the Israeli ambassador to Washington, gave the public at large a taste of the same treatment last weekend in his response to questions about the use of cluster bombs against civilians. He baldly asserted that Israel had made efforts "unprecedented in the annals of the history of warfare" to protect civilians from harm in its campaign against the PLO.

Yet, despite all the verbal and moral provocations, neither the Government nor the people of the U.S. appear to have shifted enough to make any practical difference to their basic loyalty to Israel.

As a senior member of the Congressional Foreign Relations staff put it: "As Israel's objectives kept expanding the mood in Congress became angrier. There is now a lot of frustration with Begin and Sharon (the Israeli Defence Minister) personally. But there is no change in the underlying support for Israel. I doubt if you will see us changing our votes on aid or arms sales. And there is no real movement on the PLO question. A few Congressmen have always been in favour of making contact with them and they are the same guys that are still in favour now."

The opinion polls convey the same message. Despite an unusually low number of letters to the State Department supporting Israel (the ratio of letters in favour of Israel's invasion to those against has been been only six to four), the polls suggest that the public's basic support of Israel and its loathing for the PLO are both as strong as ever.

To a large extent the U.S. public probably takes its lead from the politicians. Indeed the polls which have asked for judgments specifically on the invasion have borne this out. For example, 50 per cent of the U.S. apparently believe that Israel was wrong to invade Lebanon in the first place, compared with 24 per cent who approved of its action. But now that the invasion has taken place a plurality of 45 to 31 per cent believe that the Israelis should stay in Lebanon until the PLO and Syria leave.

This reflects the Reagan Administration's own ambivalence precisely. Nobody in the Administration, not even Mr Haig, was particularly happy when Israeli troops went into Lebanon. But practically everybody now believes that the Israeli occupation has created new "opportunities" which must not be sacrified by prematurely pressing Israel to withdraw.

This is a consensus view in the Administration which even Mr Caspar Weinberger, the Defence Secretary, the one strong sympathiser with the Arab cause, has never openly challenged. He has confined himself to quoting repeatedly the example of the Falklands in order to remind his colleagues that the Administration is in principle opposed to all "unilateral use of force to change the status quo ante." President Reagan and Mr William Clark, his increasingly powerful national security adviser, have paid no attention.

According to officials familiar with their views, the President and Mr Clark have drawn other lessons from the Lebanon crisis: It has confirmed their view that Israel is the only ally in the Middle East strong enough, both militarily and politically, for the U.S. to rely on ("The most effective rapid deployment force the U.S. could possibly hope for," is how one policy expert described it.)

In addition, Israel's spectacular military success, the demonstrated superiority of U.S. over Soviet-made armaments and the destruction of the PLO has provided a unique opportunity for the U.S. to eliminate Soviet influence in the region and establish itself as a peacemaker.

The Administration's Arabists, like Mr Weinberger and perhaps Mr George Shultz, the Secretary of State designate, would prefer to emphasise the last of these lessons. Another hopeful sign for U.S. peacemaking efforts is that the U.S. public is more aware than ever before of the Palestinians' need for a homeland.

Yet it takes a huge, and at present unwarranted, jump from these premises to the conclusion that the Administration is drawing nearer to the PLO or preparing to recognise it (at least in anything like its present form) as a legitimate representative of the Palestinian people.

Administration officials have vehemently denied reports that President Reagan may talk directly to the PLO if Mr Begin continues to obstruct efforts to relieve the siege of Beirut. Their denials ring true because they also blame the Arab states, not Mr Begin, for blocking a peace formula by refusing to accept the 6,000 PLO fighters the Israelis want moved from west Beirut.

"The brutal cynicism with which the entire Arab world is trying to force the Palestinians to stay in Lebanon and get killed—that is the real story of the whole Beirut crisis," says one official. If Mr Philip Habib eventually concludes that there is no way of evacuating the PLO guerrillas from Lebanon, the Reagan Administration will accept Israel's right to deal with them in its own way, this official adds. Only if Mr Begin undercuts Mr Habib's mediating efforts while there is still some hope of peace will there be a real rupture between the U.S. and Israel.

If this assessment is correct, Mr Begin will have to be a lot ruder to U.S. politicians, Mr Weinberger will have to be much more persuasive about the benefits of Arab friendship and the Israelis will have to spill more blood in front of the television cameras, before President Reagan and the U.S. public can be persuaded to stop giving Israel everything it asks for and lanuch U.S. Middle East policy in a genuinely new direction.

Gulf war poses fresh questions in Lebanon

By James Buchan in Beirut

ISRAELI aircraft flew over Beirut yesterday morning, as if to remind the inhabitants of the city, and particularly the Palestine Liberation Organisation and its armed strength, that it retains military options that include bombing from the air despite the three-day ceasefire.

But the Israeli action, harmless as it seemed, was quite overshadowed by the news that Iranian forces had crossed into Iraq.

The same fate befell the good impression left on the West Beirut Lebanese and Palestinians by Mr George Shultz, who in confirmation hearings on Tuesday before adoption as U.S. Secretary of State, spoke of possible U.S. dealings with a reformed PLO, and hinted at a more "even-handed" approach, as Arab commentators call it.

The Iranian action, whatever its effect on the balance of power in the eastern Arab world, could have profound implications for the Palestinians, Lebanon and the siege of Beirut itself.

While negotiations over the future of West Beirut and its Palestinian presence seemed to be making next to no progress, the city hummed with discussion of what Iranian success would mean for its own future. From this amalgam of analysis, fear and hope, there are three basic contentions:

- Iranian successes around Basra are likely to cause deep anxieties in Saudi Arabia, and in the Arab Gulf states, which will be communicated to Washington.

Thus Saudi diplomacy, which has traditionally not been able to concentrate on a variety of topics, will be deflected from the Lebanon situation. This could well also be reflected in Washington.

- Iranian success will be reflected in a boost for the Shia Moslem community in Lebanon. The Shia militia, Amal, will also profit both within the West Beirut military structure now and also in the situation which develops once the immediate question of Beirut is settled.

- Iranian success will also strengthen the position of Syria, which has just entered the diplomatic scene on the Beirut and Palestinian questions, and whose Foreign Minister, Mr Abdel Halim Khaddam, is due to hold talks with officials in Washington today.

Syria has been a persistent ally of revolutionary Iran, while Iranian troops have been despatched to Syria apparently for deployment against Israel in Lebanon.

Some people argue that the Iranian entry into Iraq makes settlement of the West Beirut siege imperative. One Palestinian voiced the anxiety that Israel, suspecting Washington is otherwise occupied, might settle the question with a quick, hard blow.

At the very least, the ramshackle structure of negotiation, so painstakingly built up by men like Mr Philip Habib, the special U.S. envoy, who have succeeded in the past in ending bombardments or easing the Israeli blockade, could collapse in the hot wind from the east.

Right-wing party may join Begin government

By David Lennon in Tel Aviv

THE EXTREME right-wing Tehiya party is planning to join the coalition government of Mr Menahem Begin, the Prime Minister, which currently controls only a very slim majority in the Knesset.

If Tehiya's three Knesset members are accepted into the coalition, Mr Begin will command a comfortable 64 out of the 120 seats in parliament.

Since the war in Lebanon began, pressure has been mounting within the Tehiya (Renaissance) party to join the coalition. This stemmed from rising concern over the growing and vocal opposition by various groups within Israel to the invasion of Lebanon.

The party leaders are former loyalists of Mr Begin's Herut party who deserted him when he agreed to evacuate the Sinai peninsula in exchange for a peace treaty with Egypt. Mr Begin is apparently willing to offer a cabinet portfolio to the Tehiya leader, Professor Yuval Neeman.

The Government suffered a major blow just before the war when two members of the ruling Likud block quit to join the opposition Labour Party.

However, in the past two weeks two members of the defunct Telem party, originally founded by the late Mr Moshe Dayan, joined the coalition, restoring its slim majority in the Knesset.

If the negotiations with Tehiya succeed, the prospects of early elections, which had been spoken about prior to the war, will fade. It would then be increasingly likely that Mr Begin would serve the full four years of his second term in office, which began after last June's general election.

One key condition for convincing Tehiya to join the coalition would be a willingness on the part of the Government to commit itself to expanding Jewish settlements on the occupied West Bank and Gaza Strip.

An Iranian invasion of Iraq could have serious consequences for Western traders: FT writers report

JAPAN

Fears for construction contracts as oil disruption hits trade

BY RICHARD C. HANSON IN TOKYO

JAPAN is taking a cautious view of the worsening situation in the Gulf, not least because Iraq is the chief source of construction contracts for Japanese companies in the Middle East.

Contracts last year were down from a 1979 peak of Y236.2bn to Y121bn (£536m-£275m) but this still represents more than half of the Y218bn in contracts it received from the Middle East. New contracts this year will fall dramatically as a result of Iraq's troubles.

The situation is being complicated by Iraqi requests to draw down funds from the nearly Y600bn, in official aid which Japan pledged to make available in the mid-1970s. Iraq showed little interest in using these funds until last year, when its own finances were being squeezed by the war.

According to the Ministry of International Trade and Industry (Miti), only about Y140bn has been disbursed for various projects. Miti, however, for the moment is reluctant to agree to further disbursements as a result of recent developments in the war.

Last year Iraq ran a heavy deficit in its two-way with Japan because of a halt to oil shipments from January to April. Japan's imports from Iraq plunged to $1.01bn (£586m) or less than one-third the 1980 total. Japanese exports to that country jumped 46 per cent to $3.2bn.

A large portion of the oil that Iraq contracted to sell to Japan is being provided by Saudi Arabia. The shift began in April after Syria closed an Iraqi pipeline running through its territory.

Japanese imports from Iraq last month were about half the May total ($87m versus $161m) as a result of the disruption of oil shipments. Of the 100,000 barrels per day Iraq is to supply under a long standing contract, only 25,000 b/d is still flowing through a pipeline across Turkey.

Saudi Arabia has agreed to supply an additional 35,000 b/d to several Japanese companies to make up for part of the shortfall. Syria closed its leg of the Iraq pipe on April 9.

UNITED KINGDOM

Baghdad import policy hits sales

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

BRITISH exports to Iraq have fallen off in recent months. The surge evident last year and into the first quarter of 1982 has been checked by changes in Iraqi import policy to take into account domestic inflation and the financial constraints caused by the war with Iran.

Resumption of the growth was not expected until next year at the earliest and that assumes there is no fundamentalist revolution in Iraq. Major project orders this year are virtually ruled out and had been ruled out even before Iranian troops crossed the border.

But the UK was a relative latecomer to the major project contracts in Iraq. This has meant that its stake in the country is largely in liquid form.

UK plant assets are largely confined to the equipment needed by John Laing International and Keir International which are engaged on road contracts worth £65m and £117m respectively.

This would tend to suggest that the Export Credits Guarantee Department, in the event of the closure of the market because of the war, would be able to keep the level of claims down to manageable proportions.

Most British business has been done on cash or letter of credit terms, reflecting the basic wealth of the market. It has only been recently that Iraq has appeared interested in credit, and that only for major projects.

Latterly, however, the amount of new business passing through the ECGD appears to have tapered off sharply. Probably this began in the second quarter.

During the first three months of the year, UK exports were worth £191.6m, following a doubling of sales in 1981, when exports are estimated to have been worth £650m. Sales were concentrated in the machinery, chemicals, vehicle, telecommunications, medical and pharmaceutical sectors.

By contrast, Iraqi sales in the UK had dwindled to £4m in the first quarter of this year.

Although British businessmen are officially being advised to avoid Basra at the moment, they are not being discouraged from going to Baghdad.

It is noted that one of the reasons for the surge in exports last year was the fact that British business did not desert the market at the start of the war with Iran.

In fact, there are no signs of diminished interest. Last autumn 130 companies exhibited at the Baghdad international fair, Iraq's trading window to the world. This year there are applications from 170.

ITALY

Threat to booming exports

By James Buxton in Rome

THE POSSIBLE collapse of the Iraqi market, as the consequence of the war with Iran, would be a bad blow for Italy. Despite a decline in the number of new orders in the past year, Italy has important contracts with Iraq, and last year nearly doubled its exports there.

Italian exports to Iraq rose from L814bn (£340m) in 1980 to L1,537bn (£640m) last year. In the period Iraqi exports to Italy remained static at L2,460bn, made up almost entirely by oil sales.

Italian contracts have focused on civil engineering projects. But most of these contracts were to end in 1981 or 1982. Despite the interruptions initially caused by the war, which began in 1980, the contracts have been or are being finished.

Moreover, there have been few new contracts to keep the Italian contractors busy, as Iraq has slowed orders.

But last year a consortium of Italian construction companies won a $600m contract to build a dam on the Euphrates at Mosul in association with West German companies. The Italian companies are Italstrade (a state-owned group), Cogefar and Impregilo (both private sector).

Late last year Pirelli, the cable manufacturer, won a contract worth $50m for the supply and installation of high tension power cables for the city of Baghdad. The installation is to be carried out by a British subsidiary of Pirelli, Pirelli Construction.

The most impressive contract Italy currently has with Iraq is a deal worth $1.8bn for the supply of 11 warships and a floating dock for the Iraqi navy. The agreement was signed late in 1980 and authorised by the Italian Government in March 1981.

Work is under way at the yards of the state-owned shipbuilding concern Cantieri Navali Riuniti.

FRANCE

Co-operation likely to be affected

BY DAVID MARSH IN PARIS

FRANCE looks likely to be one of the Western countries most seriously affected by any period of political and economic disruption in Iraq following the invasion by Iran.

A string of French companies have built up substantial export contracts with Baghdad, which is now France's fifth biggest trade customer outside Europe and the U.S.

French companies active in Iraq—particularly on heavy industrial and infrastructure projects—have plenty of experience of dealing with disturbances in the region.

Many large corporations took steps to bring back personnel working in the country when hostilities between Tehran and Baghdad broke out 22 months ago.

Recently, however, there have been signs of business returning to normal. M Michel Jobert, France's Minister of External Trade, underlined his country's willingness to develop trade with Iraq during a visit to Baghdad last autumn.

His Iraqi counterparts used the occasion to express interest in acquiring French technology in two sensitive fields—military hardware and nuclear energy.

The visit was followed, at the beginning of this year, by the signing of a FFr4bn (£400m) order for the purchase of French artillery. Iraq has also bought 60 Mirage F-1 fighter jets and has been given assurances that the Mitterrand government is ready for fresh arms deals.

Additionally, French-Iraqi co-operation is underway in the rebuilding of the Tamuz nuclear reactor destroyed by the Israeli air force in June last year.

Iraq took FFr 7.9bn (£658m) worth of French exports last year, making it 13th in the league table of overseas customers. Among the French companies with active interests are the engineering group Creusot Loire, whose subsidiary, Spie-Batignolles, has been building Baghdad's new airport. Work was already interrupted in the autumn of 1980 when the Gulf war started.

Bouygues, the construction concern, which recently was congratulating itself on its only modest exposure in Iran—will also be affected by any trade disruption.

WEST GERMANY

Companies are firmly committed despite war

BY ELGIN SCHROEDER IN BONN

IRAQ EMERGED last year as West Germany's most important market in the Arab world as exports doubled over 1980 to DM 6.5bn (£1.4bn). Orders won by the construction industry alone came to DM 5bn, making Iraq its most important foreign market.

Among the biggest Iraqi projects in which West German companies have been involved since 1980 are the Mosul hydro-electric dam and Basra Airport as well as long stretches of motorway, cement works, hospitals and trade schools.

More than 120 West German companies maintain offices in Iraq, testifying to a firm commitment despite the war. But total private investment came only to DM 3.3m at the end of 1981.

The bulk of West German exports are cars, engines, electrical goods, chemicals, iron and ironware. In the first quarter of this year sales were valued at DM 2.1bn, double that of the 1981 first quartar. This level of sales is thought to safeguard 35,000 jobs in West Germany.

WORLD TRADE NEWS

Nigerian invitation to India

By K. K. Sharma in New Delhi

NIGERIA has asked India to establish car ancillary industries and says that there are possibilities of manufacturing light commercial vehicles, delivery trucks and mini buses in the country.

At a meeting with the Association of Indian Engineering Industry (AIEI) yesterday, Prince Adebayo, chairman of Leyland Nigeria, and Mr P. V. Quick, its managing director, said that the opportunities for India were good because of the Nigerian Government was keen to involve Third World countries in its development.

The components identified for Indian companies to manufacture in Nigeria were windscreens, trim items, shock absorbers, exhaust systems, cables, engines, gear boxes, and ball-bearings.

Asked whether foreign companies would be given protection in Nigeria, Prince Adebayo said that it was important for companies to demonstrate a commitment to manufacture quality products locally and then the government would issue guarantees.

India's engineering exports to Nigeria have risen from a nominal Rs 53.8m (£3.2m), in 1971 to Rs 188m in 1980, accounting for 65 per cent of total exports to that country.

Malaysia considers barter trade with East Europe

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN Government is considering entering into barter trade with East European countries, Dr Mahathir, the Prime Minister, said yesterday.

He said the East European countries have large populations that could take more Malaysian goods, but most are short of foreign exchange.

Dr Mahathir's remarks, made in a local television interview, are seen partly as a reflection of his disenchantment with the growing protectionist policies of Malaysia's traditional partners, the U.S., EEC and Japan. They are also directed at the East Europeans who are putting pressure on Malaysia to buy more of their goods.

The trade gap is strongly in Malaysia's favour. Last year, it exported Ringgit888m (£217m) worth of rubber, palm oil, timber and tin to Eastern Europe, but purchased less than Ringgit 160m worth of goods in return.

Malaysian state trading agencies such as Pernas, Mardec and Felda have been studying the idea of barter trading with the East Europeans for several years, but none has taken the risk of promoting unfamiliar products.

The East Europeans have mounted several trade fairs, including a massive Soviet Union industrial display in Kuala Lumpur 10 years ago, but their efforts have not shown up in trade figures.

Stewart Fleming in Frankfurt writes: Kraftwerk Union, the power generation equipment manufacturing subsidiary of West Germany's electrical giant Siemens, has received an order for a turnkey gas turbine generating station from Malaysia. The order includes the manufacture of a fuel processing plant.

The plant will be built by the company's West Berlin division and will come into operation in late 1983 or early 1984. The plant will be fired by heavy heating oil although it will also have the possibility to operate with light heating oil or natural gas.

The company was not prepared to give any indication of the value of the order.

Botswana mine study goes ahead

BY BERNARD SIMON IN JOHANNESBURG

SHELL COAL Botswana, a subsidiary of Royal Dutch Shell, is to proceed with a feasibility study for a large underground coal mine in east central Botswana, in terms of a joint venture agreement signed with the Botswana Government in Gaborone yesterday.

The feasibility study will take three years.

Should a decision be taken to proceed with the mine, the first phase will provide for annual production of around 5m tonnes of export-quality coal.

Mr Derek Gibbons, managing director of Shell Coal Botswana, said: "The whole purpose of the joint venture is for Shell Coal International to handle the marketing of this coal and sell it to West European and East Asian markets."

The study will cover 200 sq km between Serowe and Palapye, about midway between Gaborone and Francistown. Shell has already completed exploratory drilling in the area.

Shell will contribute about Pula 14m (£7m) to the cost of the study, Mr Gibbons said. But the Botswana Government will have responsibility for the crucial issue of examining possible rail and port outlets.

The establishment of a large coal mine is a key factor in justifying the construction of a railway line from Eastern Botswana, across the Kalahari Desert to a port in Namibia.

The Botswana Government is keen to go ahead with this rail link to lower its dependence on export routes through South Africa.

An alternative is to build a spur from a South African railhead in the North-West Transvaal.

A new company, to be known as Kgaswe Coal Development, is to be formed to carry out the feasibility study.

The Botswana Government will receive a 15 per cent shareholding at no cost, with an option to buy a further 10 per cent after completion of the study.

Botswana's mining sector depends on diamonds and copper-nickel.

Two airlines cancel eight Boeing jet orders

SEATTLE,—Two airlines have cancelled orders for eight Boeing jets, the company has confirmed.

Mexicana Airlines cancelled orders for six 727-200 trijets and Transamerica Airlines cancelled orders for two 747 wide-body transports, Boeing said.

Transamerica also had options for three more 747s.

Both airlines blamed the poor economy for their decision.

Two of the 727s ordered by Mexicana have been built, said a Boeing spokesman. One was sold to another customer and the other is still for sale. The cancellations had no effect on the Boeing workforce the company said.

- Singapore Airlines (SIA) said it will today sign a $806m loan agreement with a consortium of European banks to buy six Airbus Industrie A-300s.

A SIA spokesman said the 10-year loan is lead-managed by Midland Bank, with Credit Lyonnais and Dresdner Bank as co-managers. No further details were revealed.

The loan, which includes financing by Britain, France and West Germany through the European export credit scheme, is part of the total cost of $400m of the six Airbuses scheduled for delivery between 1983 and 1985.

U.S. pipe ruling threat to stability, Community warns

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN COMMUNITY yesterday adopted a formal pro-
U.S. over attempts to block
test to be sent to the U.S. over
its attempt to block the supply of European-produced equipment for the Soviet gas pipeline and warned that the move "can only undermine the stability and cohesion of the Western world."

Although companies in only four member states — the UK, West Germany, France and Italy —are affected by the U.S. clampdown, they have each decided to mobilise the full political weight of the EEC behind their protests.

As a result, the issue has joined steel and agriculture as a source of serious friction with the U.S., which is putting immense strain on trans-Atlantic relations.

The risk that these abrasions could eventually affect broader alliance relations lies behind the "stability and cohesion" warning delivered to Washington last night.

But European outrage at President Reagan's embargo is also fully reflected by the unusually stiff language calling for a withdrawal of the measures and protesting at the attempt to apply U.S. laws to European companies and to nulify supply contracts which have been signed months or even years ago.

Such retrospective action, says the EEC complaint, "puts in jeopardy the basic principles of the world trading system" which is likely to have a lasting effect on business relationships between European and U.S. companies.

This extraterritorial attempt to subject to U.S. law companies incorporated in the EEC and subsidiaries of U.S. companies in the EEC is not warranted by international law, says the Community, while the attempt to apply U.S. policies and measures within the Community can only have a damaging effect.

The Ten could decide to submit a more detailed opinion of the U.S. measures before the August 21 deadline when the final regulations will be adopted in Washington.

The best hope on this front is some form of relaxation by the Polish authorities in advance of the Pope's visit next month.

The continuation of martial law in Poland was the pretext for the U.S. measures

UK NEWS

Accounting rebels lose lead in ballot

By Barry Riley

THERE ARE now slightly more supporters of the accountancy profession's official approacb to current cost accounting thao there are accounlants wbo back the rebel call that SSAP 16, the current cost accounting standard, be withdrawn immediately.

The official view is that SSAP 16 should remain in force for at least another year, completiog a three-year experimental period.

Figures show that 11,501 members of the English Institute of Chartered Accountants have sent postal votes in favour of the resolution proposed by Mr David Keymer and Mr Martin Haslam. A total of 11,639 votes opposing it have been received.

Yesterday's post brought 500 votes for and 621 against, reversing the trend sbown In the early days of voting — when the Keymer-Haslam resolution was attracting a small majority of the returns.

The period for postal voting closes on July 27. The resolution will he formally proposed at a special meeting at the institute's headquarters in London on Thursday, July 29.

It is nnderstood that many members of the Institute have complained about the publication of the voting figures during the hsllot. There are fears that this may affect the result.

However, officials at the institute says it is oormal practice. In 1978 the council of the institute ruled that voting returns in such cases should he disclosed to ioqulrers on a daily basis.

Wage rises in private sector slow to 9.4%

By James McDonald

SALARY AND wage locreases in Eogland In the private sector averaged 9.4 per cent in the 12 months to spring this year, according to the latest six-monthly analysis by Reward Reglonal Surveys.

The survey, covering 373 companies, shows that managemeot salaries rose by ao average of 9.5 per cent over the year to an average £8,590. Clerical salaries rose by 8 per cent to a national average of £4,397 and wages of operatives rose by 11 per cent to £5,247.

"These increases, well down on those recorded a year ago, confirm the current trend for most settlements to be between 7 and 9 per cent In the private sector," says the survey.

This spring's average maoagement salary of £8,590, compares with £7,842 In spring last year and with £6,724 in the spring of 1980. The clerical average salary this year of £4,397, compares with £4,069 a year before aod with £3,489 In 1980. Wages of operatives, on a per hour basis, rose from £1.92 in spring 1980 to £2.19 in 1981 and then to £2.43 in spring this year.

The report goes on: "The move towards the 39-hour week for factory workers has accelerated." More than half work less than 40 hours, compared to under a third four years ago."

The most commoo allowance for annual holidays is still 20 days, in addition to statutory days, but the percentage of the management sample taking 24 days is 17 per cent, compared with 4 per cent four years ago. The percentage of clerical staff with 24 days is 18 per cent as agaiost 3 per ceot four years earlier, while 23 per cent of factory operatives have 24 days compared with 2 per cent in 1979.

In the management-techolcal sector, the top five increases in pay arose in the following groups: personnel manager; specialist sales msnager; public relations manager; quality assurance manager; and research and development engineer.

Notional Analysis of Salaries and Woges, Summer 1982. Reward Regional Surveys, 1 Mill Street, Stone Staffs. £35.

Borrie defends 'flexible' approach on fair trading

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE OFFICE of Fair Trading's "pragmatic and flexible" approach to competition policy in the UK was defended yesterday by Sir Gordon Borrie, director geoeral of fair trading.

Sir Gordon, writing in the OFT's annual report, rejected the criticism that the office's approach created oncertainty among companies aboot its policies.

He said: "The fact that in the UK the promotion of competition is weighed against broad considerations of public interest introduces an element of uncertainty into policy and tends to encourage argument—and hence added uncertainty—about the appropriateness of the policy io this or that case."

Sir Gordon added that he tried to minimise such uncertainty by making public as many of his decisions as possible, giving supporting reasons, and by discussions with the busioessmen.

Also, the OFT conducted "an open-door policy to encourage firms and their advisers to consult me and my officials freely and informally during the formatve stages of their thinking."

He suggested that the flexihle UK approach should be seen in contrast with the more rigid systems of competition policy used in other countries. Sir Gordon described these systems as "doing little to provide clarity and certainty."

The OFT's annual report revealed that it dealt with 982 complaints about anti-competitive behaviour by companies last year, carried out five investigations under the 1980 Competition Act and scrutinised 164 mergers.

Sir Gordon made clear that the OFT has bad to reassess its priorities as a result of the Government's public expenditure cuts.

"Reduced financial provision in real terms and lower staffing levels mean that certain things cease to be dooe, and done more slowly or, although thought desirable, not started at all," he said.

Call to scrap airports authority

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

The British Airports Authority should be broken up and private companies allowed to run Heathrow, Gatwick and Stansted airports, two Tory MPs are urging.

In a discussion paper they helped to prepare they also call for a separate authority for Scottish airports.

Mr Michael Colvin, MP for Bristol North West and chairman of the Conservative Parliamentary Aviation Committee, is co-author of the paper with Mr Graham Bright, MP for Luton East, and Mr Christopher Thompson, an adviser at the House of Commons.

They argue that a new strategy for airports in Britain is needed. The aim sbould he "to free Britain's airports from the constraints of governmeot cootrol through the British Airports Authority or from directioo from local authorities. Both have misdirected resources."

As well as selling Heathrow, Gatwick and Stansted to private companies, the group suggests that the regional municipal airports should be freed from local governmeot constraiots "by offering equity and American-style municipal honds to employees, local resideots, ratepayers and businesses.

"A special package of tax incentives is suggested to encourage the growth of traffic from the regional airports at Manchester, Newcastle, Birmingham or the East Midlands and Bristol (Lulsgate).

"Finally, a Scottish airports authority, with some private-sector investment and the rest provided by the Scottish Office, is proposed to run the major lowland airports operated by the BAA and those operated hy be Civil Aviation Authority in the Highlands and Islands."

Mr Colvin said yesterday that the strategy would give the Conservative Party "an alternative to the policy of state control of airports which has created increasingly difficult and insoluble problems in the last 20 years."

The Government's airports policy—"or lack of it—has led to an loefficient use of resources, with passenger capacity uoder pressure in the London area and in excess everywbere else," he said.

"The British Airports Authority has an effective monopoly within our natiooal system. The BAA has exploited its position in the London area to raise charges to the airlines and their passengers at Heathrow and Gatwick, beyond the level necessary to finance its current activities, in order to fund its long-term investment programme. This inclndes the costly proposals for expansion at Stansted," he went on.

"Elsewhere in Britain, at the airports in Scotland and the municipal airports in the regions, there is a substantial excess of underutilised passenger capacity."

Mr Colvin suggested that instead of expanding Stansted, a fifth terminal should be built at Heathrow and a second terminal at Gatwick to cope with passenger growth. Lotoo shonld he eocouraged to grow to its full capacity, he argued.

Airports UK—A Policy for the UK's Civil Airports. Centre for Policy Studies, £2.50 net.

Photographic sales may reach £600m

BY ELAINE WILLIAMS

THE UK amateur pbotographic market is likely to rise to nearly £600m hy the end of the year, according to the industry's report published yesterday.

This compares with £555m in 1981 and £520m in 1980. Much of last year's growth was taken up by inflation, despite efforts to promote camera and film sales.

More than half the industry's Income is from film processing which was worth ahout £210m last year. Camera equipment accounted for £205m and film sales £140 of last year's total according to the report by the British Photographic Industry.

The greatest growth has come from the equipmeot sector where camera costs have continued to fall owing to iotense competition and the increasing use of micro-chip technology in camera design and maoufacture.

Sophisticated single lens reflex cameras, for example, cost as little at £99 today compared with £166 In 1960. Film processing is oo more expensive oow than 20 years ago.

The photographic industry spent oearly £14m last year to stimulate sales, particularly of films, and will step up its campaign this year. The average Briton takes only 100 photographs a year even though 70 per cent of the populatioo have access to a camera.

UK interest in photography lags well behind that in the U.S., Japan, West Germany and other European conotries. By 1980, the average American was speodiog $37 a year oo photography—four times that heing spent in Britain.

Hard lessons from an outer city area

BY NICK GARNETT, NORTHERN CORRESPONDENT

OUTLYING city areas can have problems just as severe as those of the inner cities on which the Government has focused its special help initiatives, according to a study of social and economic privations.

These outer industrial and housing areas accommodate 5 per cent of the UK populatioo and are particularly prevalent in the North of England, Scotland and South Wales.

The report is hased on a study of Kirkby, outside Liverpool. The town, with 50,000 people was envisaged by that city as a vehicle for solving Liverpool's housing and joh problems.

Kirkby, however, now suffers from many of the symptoms of urban decline and social stress, and has an unemployment level one and a half times greater than that of Liverpool itself.

The report was produced by Merseyside County Council and Knowsley Metropolitan Borough Council—which has included Kirkby since the 1974 local government reorganisation—with CES, an independent research company.

It says that in the growth period of the 1950s and 1960s, families allocated to Kirkby were generally those with the greatest housing oeeds — with almost half the population then under 15 years old. There was a preponderance of unskilled workers and almost no white-collar residents.

Another factor in Kirkby's growth was an ahsence of control planning and of services and suitable housing The report argues that although some progress to alleviate these stresses was underway by tha mid-1970s, a cycle of decline set in, which still grips the town. It says this results from three hroad factors:

The first is that the population declioed partly because inward migration dried up and hecause job-shedding and a mounting problem with housing repairs made the town unattractive to potential newcomers who might have made for a better skill balance.

Secondly, an over-dependence on manufacturing—and more narrowly, on engineering and food processing with narrow product ranges, resulted in a vulnerable local economy.

Finally, the report says that Knowsley inherited an inefficient administration which contributed to the inability to carry out sufficient house repairs.

Small screen success story

Nick Garnett reports on the rapid growth of the Microvitec electronics company

MICROVITEC represents in a nutshell the promise and the vulnerability of the rapidly-expaoding small business sector on which the Governmeot appears to place so much faith.

As Mr Kenneth Bayer, Minister for Industry and Information Techoology, last week opened another factory extension of the West Yorkshire microelectronics company, formed ooly three years ago, he described Microvitec's performance as "immeosely encouraging" for the high technology industry.

A few minutes later, however, Mr Aothony Martinez, the company's managing director and chairman, gave a quiet warning that such companies as Microvilec oeeded to protect themselves by rapld expansion, and that success could not be guaranteed at any stage in a small business's life.

Microvitec's story embraces both the developmeot of financial packages available to businessmen and women with an idea they can sell to the people who have the money, and the importance of spotting holes in the market place.

The company was set up In Bradford in July 1979 by two brothers, Anthony and John Martinez, to develop and sell low-complexity colour display screen units for use with computers as part of the growth In information technology.

The first 18 months brought a turnover of £188,000. During the following 12 months this rocketed to £1.37m. The turnover for the first six months of this year is already more thao £1m and the company has begun exporting to the Benelux countries.

The workforce has expanded from seven to just under 100 and is due to rise to 110 in the autumn.

Partly through its supplies to the Acorn compoter company it will be involved in the Goveroment's scheme to extend subsidisation for computers from senior to primary schools.

Anthony Martinez and a small group of technical experts apotted the need for a low-complexity colour displsy monitor where modified TV receivers or complex mooitors were used.

The company's rule on products, says Mr Martinez, is designed to cost"—identify a need, cut out anythiog the customer does not really require and assemble at the lowest possible price, he says.

At the same time, the company argues it produced a display screen uolt which for the first time was capable of driving both standard and high resolution tubes—the latter allowing an increase in the number of characters per line.

The venture provides a oeat example of the pletbora of aid which companies like Microvitec cao tap. Bradford Metropolitan council has invested almost £1m in providing the company with factory space on a rent-free and low-reot period basis.

Technical Development Capital took out £37,500 io equity and provided a loan of £112,500. Grants from the Department of Industry totalled £75,000 aod an additiooal medium-term loan of £90,000 came from the European Investment Bank.

Mr Martioez, who stresses the importance of teamwork to the company's success, seems to have oo illusions about how watchful a company such as Microvitec has to be.

"We have a universal prodnct," he says. "If market needs expand faster than we can supply, theo aomeooe else is going to do the job for us. Yon can sit hack and enjoy your success, but yoo doo't live very loog if yoo do."

12 ships damaged or sunk in Falklands

By Bridget Bloom, Defence Correspondent

TWELVE warships were sunk or damaged by bombing, strafing or missile attack in the Falklands campaign, according to new figures from the Ministry of Defence.

The ministry has named six damaged warships in addition to the four sunk. But while it gives the cause of the damage in each case, it details neither the extent, nor the likely cost of repairs.

Two damaged ships remain unnamed since they are still on deployment in the South Atlantic. Of the eight damaged, apparently only one—HMS Glamorgan, a County Class destroyer—was hit by an Exocet missile, which failed to explode.

HMS Glasgow, a Type 42 destroyer was holed by a bomb. The Leander class frigate HMS Argonaut, which is fitted with Exocet missiles, was damaged by two unexploded bombs and strafing.

HMS Arrow, a Type 21 frigate, was damaged by shrapnel and cannon shells. HMS Plymouth, a Type 21 frigate by bombs and strafing and HMS Brilliant, one of the Navy's most modern Type 22 frigates—which returned to the UK at the weekend—was damaged by strafing.

Three of the four ships were sunk as a result of bomb attacks from Argentine aircraft, while HMS Sheffield sank after being hit by an air launched Exocet missile.

Mr Peter Blaker, gave the information in a written reply to a question from Labour Defence spokesman Mr Kevin McNamara. He noted that until the damage had been properly assessed and a detailed work package drawn up, it would not be possible to provide estimates of the cost of repairs or the time it would take to have the vessel back in service.

In evidence before the Defence Select Committee last month Mr John Nott, the Defence Secretary, said 12 warships, in addition to the four sunk, had been damaged.

He also said that 23 warships had been involved in the Falklands campaign.

Mr Blaker said Invincible, the aircraft carrier which the Government has decided will not be sold to Australia, costs up to £25m a year to run. Mr Nott is expected to make a statement on Invincible in the Navy Debate in the Commons next week.

MITI presses Nissan on UK plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN OF JAPAN is under psychological pressure from the Japanese Government to build a car plant in Britain. Mr Kazuo Takase, director of the automobile division of the Ministry of International Trade and Industry (MITI), said in Tokyo yesterday it would be "very regrettable" if the project did not go ahead.

Nissan's board is split over the project. Mr Masataka Okuma, executive vice-president, is travelling to London later this month for what will probably be final negotiations with the UK Government.

Negotiations have been deadlocked over the proportion of European components the 200,000-cars-a-year plant should use, and Government grants Nissan might expect from the UK.

Mr Takase said there had been no formal expression of regret by MITI because Nissan had denied reports that the project had been shelved.

"We hope discussions will continue and Nissan will go ahead."

He said the Nissan top management was well aware of the interest the Japanese Government was taking in the project.

From MITI point of view, direct investment overseas and, in particular, joint ventures and co-operative deals between Japanese and Western motor companies, would ease friction over trade.

"The senior managements of the companies realised the need to get more involved in co-operative ventures in overseas concerns or the trade friction will never go away. Not only would it not disappear it would get worse," Mr Takase said.

MITI believed that Japanese penetration of most overseas car markets by direct exports had gone about as far as was possible without creating more of the problems associated with protectionism, he said.

However, the Japanese motor industry was becoming increasingly strong in terms of the advanced production methods and vehicles it had to offer, and if there was free access it would take an even bigger share of world car markets.

"Because of this we feel industrial co-operation between the motor companies is needed. But that means companies from outside Japan must make an effort too. From Japan's standpoint, co-operation is necessary to alleviate the trade problem. For other countries, it is necessary if they are to maintain viable and progressive motor industries," Mr Takase said.

According to European manufacturers, the Japanese plan to raise capacity from 9.36m to 11.27m vehicles a year between 1980 and 1983.

But Mr Takase insisted the Japanese industries' investment programme was aimed at rationalising the existing production, at cost reduction and at improving working conditions—not at increasing capacity. The companies were well aware that in the current world motor industry environment, they could not expect to continue to push up exports at the previous rate.

Mr Takase said there was no policy on the part of either the Japanese Government or the motor industry to step up exports of motor components in order to compensate for the lack of growth in assembled car shipments.

The figures for component exports had been boosted recently by the growing number of countries which would not allow many assembled cars onto their markets but insisted on local assembly from component kits.

United Glass sheds 500 jobs as bottle demand slumps

BY MAURICE SAMUELSON

BRITAIN'S bottle making industry suffered a further blow yesterday when United Glass Containers, the industry leader announced nearly 500 redundancies at plants in London and Glasgow.

One of the two furnaces at the Shettleston, Glasgow, plant is being closed and the workforce of 384 will be cut by 190. The New Cross plant in London will close with the loss of 290 jobs.

This means that in the past two years Britain's biggest bottlemaker has reduced its plants from eight to five and cut its workforce from 10,500 to 4,000. At the same time the UK glass container market has fallen 12 per cent, demand for bottles falling from 48m to 44m.

The company yesterday blamed "overall low demand" for the latest cuts which it said were aimed at boosting productivity and competitiveness. Demand for whisky bottles, a mainstay of UGC, has been particularly hard hit. The company is jointly owned by the Distillers Company and Owens-Illinois of the U.S.

The New Cross plant, built in 1908, makes whisky miniatures, small food jars and bottles for the drug and toiletry industries. Its production will be moved to the newer plant at Harlow, where half of machine capacity is idle and which has room for expansion.

Shettleston, which makes whisky bottles and some milk bottles, became a two furnace plant only last Autumn because of hopes of a recovery in the whisky market. But persistent low sales have forced the closure of the older furnace. Te new one will be operated with 160 fewer people than its predecessor.

The company's difficulties were reflected in its half yearly results in February which showed a £6.2m overall loss.

● BICC is to close its scrap metal business, operated by Brookside Metal, with the loss of 110 jobs in Watford and 30 in Linlithgow, near Edinburgh.

A spokesman said the closures would take place by the end of the year and were the result of continued low demand from the metal industries for non-ferrous scrap. Brookside Metal is a subsidiary of BICC Cables.

Stocktaking time on the Isle of Man

THE COLLAPSE of the rescue attempt for the £48.6m Savings and Investment Bank, the biggest independent bank in the Isle of Man, is a serious setback for the island's ambitions to become a significant offshore financial centre. It also underlines the need for the a major overhaul of its fledgling supervisory system.

Banking is one of the few growth areas in the Isle of Man economy. Three to four new banks have been opening offices every year and the island's 48 banks have doubled their deposits in the last two to three years, to more than £1bn.

The financial sector, which accounts for close to a quarter of the local economy, has been earmarked as a long-term growth area.

However, the closure last year of the International Finance and Trust Corporation, and now of the Savings and Investment Bank, has presented the Manx authorities with a major financial problem.

Unlike the Bank of England, in the secondary banking crisis of the mid-1970s, Manx financial officials cannot rely on the big UK clearing banks to come to their aid with another banking lifeboat."

Most banks on the island are subsidiaries or branches of either the UK clearing banks, merchant banks and other relatively well-known financial institutions. However, several institutions are carrying on banking business on the island which would not be categorised as recognised banks under the UK's 1979 Banking Act.

THE failure of the Manx Savings and Investment Bank has raised vital questions for the island's authorities, writes WILLIAM HALL.

While there is nothing to suggest that these institutions are not managed well, bankers generally accept that until recently at least, it has been far easier to obtain a full banking licence on the Isle of Man than elsewhere; and that bank supervision has been more lax than in more established financial centres.

The island's banking rules were tightened up in December.

Manx officials visited the Bank of England yesterday to ask for technical assistance on the general structure of banking supervision in the Isle of Man.

The Isle of Man has always jealously guarded its independence, particularly in the area of its financial affairs. However, there is a danger now that this could backfire nastily if the problems of the Savings and Investment Bank led to a general crisis of confidence among depositors in the island's smaller banks.

Other offshore centres have been able to avoid crises such as is being experienced by the island, which does not have its own bank inspector, because they have insisted that only the most prestigious banks in the world can do banking business in their territory.

The Isle of Man is not in such a fortunate position—as the events surrounding the demise of the Savings and Investment Bank demonstrate. Details surrounding the bank's problems are complex, but two points emerge:

First, the authorities appear to have been unable to stem a run on the bank following the announcement that Mr James Raper's private investment vehicle, Gasco Investments, was suing the bank.

In addition, if the reported figures are to be believed, the Savings and Investment Bank was prepared to lend the equivalent of its shareholders' funds to one borrower.

The behaviour of the Savings and Investment Bank, and the failure of the authorities to prevent its demise, are unlikely to instil confidence in offshore depositors contemplating placing their money in the smaller Manx institutions.

Pay rises outpace inflation rate

BY ROBIN PAULEY

LIVING STANDARDS, after declining for more than a year up to April, are improving slightly inspite of a continuing downward trend in the level of pay settlements.

Average earnings rose by 10.3 per cent between May 1981 and May 1982—slightly more than the 10.2 per cent rise for the year to April. In both months, however, the rise was above the inflation rate, as indicated by either the retail price index or the tax and price index movements. Pay was, before April last, ahead of inflation in March 1981.

Figures published by the Employment Department yesterday show that the underlying trend of pay settlements is still downwards, not including back-pay and slightly over 9 per cent if overtime is also excluded.

The trend for pay settlements has been downwards all year with the underlying increase falling from 11 per cent in January to 10.75 in February, 10.5 in March, 10.25 in April and 10 per cent in May. The annual rate of increase is now at its lowest level since January 1978 and is likely to fall still further as more single-figure pay settlements come through in the current round.

About half the 20m British workforce has now reached a pay settlement for this year.

The downard trend in pay was confirmed by the Confederation of British Industry, which said yesterday that settlements in manufacturing industry notified in May and June had averaged 6.8 per cent compared with a 6.9 per cent average for the first four months of the year. More than 85 per cent of manufacturing settlements monitored by the CBI were between four and 10 per cent.

The financial sector was settling on average two percentage points higher than manufacturing.

This shows the extent to which wages have now been cut in manufacturing industries.

Overtime is still increasing and short-time work continues to decline. Some 10m hours of overtime a week were worked in May, 1m hours a week more than in April. Short-time working fell from 1.7m hours a week in April to 1.56m hours in May.

● Mr Charles Morris, Labour MP for Openshaw, yesterday asked the Chancellor, Foreign Secretary, Home Secretary, Transport Secretary and Trade Minister which groups and grades in the public sector for which they have ministerial responsibility have so far settled at 4 per cent or less in the current pay round. Each replied: "None."

Abbey plans new 'extra interest' scheme

By Andrew Taylor

ABBEY NATIONAL the country's second-largest building society, plans to launch a new "extra interest" savings scheme next month, the terms of which have already angered a number of rival societies.

Abbey gave notice of the new scheme to the Building Societies Association council last week.

Investors in the savings account, to be launched in August would have to maintain a minimum balance of £100. Just seven day's notice would be required for withdrawal with no penalty.

Interest on the savings account would be at around a 1 per cent premium above the BSA-recommended ordinary share rate of 8.75 per cent.

The scheme will extend significantly the benefits available on similar extra interest schemes operated by other societies. These generally require at least 28 days notice of withdrawal and investors can lose a similar number of days' interest on taking their money out of accounts.

Abbey held back from introducing an extra interest short-notice withdrawal scheme because of the costs involved and yesterday criticised those societies which had sought to preserve their market position without considering such a cost.

Abbey said it had suffered a loss in its competitive edge during the past 12 months.

The society says that from next month the society will not be seeking to raise any new funds from its open-bond share schemes presently available on terms from one to five years. It also announced plans to raise up to £60m a year through the issue of Negotiable Corporate Bonds to companies and financial institutions.

A first issue carrying an interest rate of 13¼ per cent and raising £5m was placed last week. The issue was handled by Phillips & Drew and Manchester Exchange Trust.

● Sir Campbell Adamson, chairman of Abbey National, said yesterday that this week's half a percentage point reduction in bank base rates was unlikely to be sufficient to convince building societies of the need for an early cut in mortgage rates.

Societies are expecting to reduce their mortgage rates in the autumn and it seems likely that a cut of around 1 per centage point is possible.

They will, however, be keeping a close eye on bank mortgage rates and also on competition from National Savings, their main competitor in the savings market. Any moves on these fronts could materially alter the outcome of interest rate restructuring.

Dover port traffic volume up sharply this year

BY ANDREW FISHER, SHIPPING CORRESPONDENT

PASSENGER, car and freight traffic at Dover, Britain's busiest cross-Channel port, all rose sharply in the first five months of the year.

The harbour board said yesterday that passenger numbers rose by nearly 16 per cent in January-May over the same period of last year to 4.3m people.

At the same time, Sealink UK, the British Rail subsidiary which is a major user of Dover, said its total passenger and car ferry bookings had surged ahead in the past two weeks.

Sealink said increases of up to 15 per cent had been recorded compared with last year. European Ferries, another operator from Dover, also said 1982 was proving a good year for bookings.

Mr Ray Collard, Sealink UK's deputy chief Continental manager, said holidaymakers had earlier ben holding back. "But it now appears the uncommitted have finally decided and France and Belgium, with their better exchange rates, are the target countries."

Dover authorities said tourist vehicles, including cars, coaches and motor-cycles, showed an increase in the five months of 13 per cent to just under 506,000. In May passengers rose by 5.7 per cent to 1.3m and tourist vehicles by 11.2 per cent to 130,700.

On the freight side, road haulage showed an increase of 25 per cent to 243,000 lorries in the first five months. The cargo tonnage handled was up by 25 per cent to 3.3m tonnes. The May figure showed a similar percentage jump to 645,800 tonnes.

P&O Ferries, which like the other cross-Channel ferry operators raised fares by about 15 per cent this year to counter the heavy losses, said 1982 was proving promising for bookings. A remarkable upsurge had been noted in accompanied car traffic and group bookings.

Further North Sea contract goes abroad

BY RAY DAFTER

THE UK offshore supply industry—badly in need of new contracts—has lost another important order to an overseas competitor.

Phillips Petroleum, the U.S.-based operator of the Maureen Field in the North Sea, has awarded work believed to be in excess of £10m to C. G. Doris of Paris.

The order coincides with the placing of a £4.5m Swedish contract by British National Oil Corporation for work on the Beatrice Field in the North Sea. The BNOC contract has angered Ministers and officials of the Energy Department.

Phillips said it chose Doris after competitive bids. Most of the work would be carried out in the UK by a Doris affiliate, Howard Doris of Loch Kisborn, in the North-West Highlands of Scotland.

Doris has been commissioned to tow the Maureen production platform's substructure from Ayrshire Marine Constructors' dry dock at Hunterston to Loch Kishorn; ballast the platform; mate the deck, built by Howard Doris, with the substructure; tow the complete platform to the Maureen field on block 16/29, 170 miles north-east of Aberdeen; and instal the platform above a steel drilling frame already positioned on the seabed.

The field, costing more than $1bn (£575m), is due onstream by early 1984. Industry estimates suggest that the field's 170m barrels of recoverable oil will yield up to 70,000 barrels a day.

Meanwhile, BACC yesterday confirmed that it has ordered accommodation units and a helicopter deck from Gotaverken Arendal of Sweden. Mr Hamish Gray, Minister of State for Energy, is said to be "extremely upset and unhappy" at the decision.

New hearing ordered after $55,000 error

By Raymond Hughes, Law Courts Correspondent

AN ERROR by lawyers acting for a Greek shipowning company resulted in an arbitration award in the company's favour being reduced by $55,000 (£31,792), a Commercial Court judge said yesterday.

Mr Justice Parker set the award aside and ordered the case to be reconsidered by the arbitrator.

In March last year Antigoni Compania Naviera, of Piraeus, chartered a vessel to Mineralimportexport, a Romanian state trading organisation. A dispute over payments due under the charterparty went to arbitration, where Antigoni claimed $280,643.

By mistake, Antigoni's solicitors told the arbitrator that $55,623 which had been paid by Mineralimportexport was to be deducted from the claim. That sum had already been taken into account in computing the claim, however.

The result was that the arbitrator awarded Antigoni only $225,020.

The judge said it was clear the arbitrator had intended to award the full claim to Antigoni.

Mineralimportexport was not represented.

Cut price petrol could tempt tourists

BY ARTHER SANDLES

IF THE Government was serious about improving tourist performance it should lower hotel VAT, give higher industrial building allowances to the hotel business, abolish or reduce the National Insurance surcharge, and perhaps introduce petrol coupons to sell cut-price fuel to tourists.

These suggestions were offered by Mr Eric Hartwell, a Trusthouse Forte director, in his role as chairman of the British Hotels, Restaurants and Caterers' Association at its annual meeting in London yesterday.

Mr Hartwell, vice-chairman and joint chief of THF, was speaking after announcement of Government review of tourism management.

"What a pity that we had to wait for the country's tourism account to plunge into a £286m deficit before Government action was forthcoming," said Mr Hartwell.

He suggested that £5bn a year in foreign currency could be earned by 1984 with a more positive attitude toward tourism by the Government.

"The Government's intention to extend tourism grants to all parts of Britain and to undertake a long overdue review of the efficiency of tourism management is a glimmer of hope."

Mr Hartwell urged resorts to use the new tourism project grants to "revive and modernise." All-weather, all-year facilities should "counteract the single overseas attraction—the sun."

Sky-high petrol prices, he said, were a deterrent, particularly in isolated areas which needed tourists to bolster the local economy.

High quality gold hallmarking increases

BY JAMES McDONALD

HALLMARKING of high purity gold articles increased sharply in the second quarter of this year. The 22 carat gold articles are mostly made for the Asian community in Britain.

Assay offices in London, Birmingham, Sheffield and Edinburgh dealt with a total weight of 993,452 grams of 22 carat gold (containing at least 91.6 per cent fine gold), an increase of 79.9 per cent on the amount handled in April-June last year.

The Joint Committee of the Assay Offices of Great Britain also reports more modest gains over the year of 6.4 per cent and 2.8 per cent respectively in the weights of 18 carat and 9 carat gold articles sent for hallmarking.

There was a 22.3 per cent drop in the weight of hallmarked 14 carat gold articles.

The total weight of all gold wares sent for assay during the quarter was 7.3 per cent more than a year before at 9.366 kilograms, while the number of gold articles assayed was 20.2 per cent higher at 4.16m.

Technical standards bid

BY JASON CRISP

THE GOVERNMENT is to try to simplify procedures for setting technical standards in an attempt to speed up the liberalisation of the British telecommunications market.

Though the British Telecommunications Act was passed last summer, little new equipment is available and no technical standards have been published. At a seminar on Tuesday, attended by 120 manufacturers, suppliers and users, the Department of Industry and British Telecom were attacked for the delays.

Yesterday Mr John Butcher, junior industry minister, said the meeting had called for clarification and simplification of the procedures for the liberalisation programme. It also wanted a clear timetable for standards which should be drawn up in a way that would help UK manufacturers sell overseas.

Mr Butcher said 50 items of telecommunications equipment had recently become available from sources other than British Telecom. Of those, 20 were modems—devices which enabled a computer to communicate on a telephone line—and the remainder incuded only five new telephones.

Concessions blow for ICI

BY SUE CAMERON

IMPERIAL CHEMICAL Industries has lost the first round of its fight to stop tax concessions on petrochemical raw materials given to its main UK rivals, Shell, Esso and British Petroleum.

An amendment to the Finance Bill which would have deleted the concessions was voted down in the Commons early yesterday morning by 299 to 174.

The concessions will enable Shell, Esso and BP to sell low-priced gas feedstock from the North Sea to their chemical subsidiaries. ICI uses the oil-based naphtha as a feedstock for making petrochemicals at its complex at Wilton on Teesside.

In the Commons debate ministers held out the possibility of holding further talks with ICI on the whole issue. ICI said that it "would look forward to further discussions if offered by the Government."

But in the meantime it is pressing ahead with the High Court writ against the Government issued last week.

ICI contends that the tax concessions are nothing more than subsidies, and therefore against the Treaty of Rome.

Margaret van Hattem examines the political barriers affecting confidence in Northern Ireland

Complex task for Prior to attract U.S. investment

NEXT MONDAY Mr James Prior, the Northern-Ireland Secretary, will visit the U.S. in an attempt to rekindle business interest in Northern Ireland.

Mr Prior clearly hopes that his new devolution Bill, clearing its last stages in parliament, and plans for October elections in Ulster, will persuade potential investors that political stability is in sight and that their investment will help to underwrite it.

But he may have a tough time. Moves are afoot in the U.S. Congress to get two resolutions passed which would acutely embarrass the British Government. One condemns the use of plastic bullets in the province and the other calls for the proscription of the Protestant paramilitary Ulster Defence Association.

The resolutions, while unlikely to produce an immediate change of policy in London, could cause the sort of ripple in Anglo-American relaions that all British governments seem anxious to avoid. They draw attention to aspects of the governing of Northern Ireland that Englishmen prefer not to have to defend.

People who understand the value of the Irish-American vote in U.S. politics will not be surprised that congressmen, who are even less interested in the province than are their counterparts at Westminster, should be so concerned themselves.

The 40m or so Americans who like to remember that seven or eight generations ago they were Irish are less politically potent than the Jewish or Greek communities. But in the wheeler-dealing of U.S. ethnic politics they are still a force.

The age-old battle for their hearts and minds—not to mention their pockets and votes—is a bigger and more complex affair than is generally realised, with a web of conflicting interests on both sides of the Atlantic.

There are, to begin with, the extreme Irish nationalist organisations which want Irish-American money for the IRA. These organisations also want to stop U.S. investment going to any part of Ireland and bolstering what they consider a rotten capitalist system.

There are the U.S. politicians who want the Irish-American vote and there are the British and Irish Governments which want the congressmen and the media on their sides.

The governments on this side of the Atlantic also want investment in their respective bits of Ireland and businessmen want reassurance that the factories they build will not be bombed. The ramifications are endless.

In the middle sits the Irish-American community. Many of its members have never been to Ireland and might be surprised that their vision of a land of lovable, jig-dancing, ballad-singing, whiskey-swigging rascals has more to do with Hollywood than with reality.

"Their sense of Irish identity is broad rather than deep," as one Irishman living in the U.S. tactfully put it. "They all, to a man, want Irish unity but they seem blissfuly unaware of the obstacles—such as the 20 per cent of Irishmen living in Ireland to who mthe idea is anathema."

Consequently, the lobbyists most likely to make an immediate appeal to their sympathy are organisations such as Noraid and the Irish National Caucus, whose message is simple and direct: "Brits out."

These groups have strong historic links with many of the more powerful U.S. trade unions, such as the Longshoremen's Association, and with the best established Irish-American organisations such as the Ancient Order of Hibernians, which was founded in 1836 as a welfare organisation for Irish immigrants.

The organisation can make life difficult for the Irish government, which needs the Irish-Americans to persuade their congressmen to put pressure on the British but which also has as much to lose from the IRA as do the British.

The most effective lobbying by the Irish Government is done through the Friends of Ireland, a group of around 60 congressmen headed by Senator Edward Kennedy, Senator Daniel Moynihan, Mr Tip O'Neill, Speaker of the House of Representatives, and Governor Hugh Carey of New York.

It was set up five years ago in an attempt to moderate the influence of the ultra-nationalist Ad Hoc Congressional Committee for Irish Affairs, a group of 130 congressmen headed by Mr Mario Biaggi. Both groups are currently competing to get their own resolution on plastic bullets before Congress.

Whether all the players in the big propaganda battle have any lasting impact on their ostensible audience, the American public, is doubtful.

Public interest in Ulster in the U.S. flares in times of stress, such as last year's hunger strikes, but dies almost as quickly. But then, American public interest is virtually irrelevent to the real battle.

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UK NEWS—PARLIAMENT and POLITICS

Railways' future very dark, Howell says

BY IVOR OWEN

AN EARLY DECISION to call off the train drivers' strike must be taken by Aslef if it wants to avert the closure of the railway system next week, Mr David Howell, the Transport Secretary, declared in the Commons yesterday.

He said: "The path ahead for the railways of this country is now very dark. Vast resources are being bled away. Thousands of jobs could disappear for good.

"Travellers and holidaymakers are beiog caused much bitter misery and suffering."

Mr Howell'a firm endorsement of the latest tough stand taken by the BR board against Aslef coupled with renewed attacks on Mr Michael Foot, the opposition leader, for his "bizarre" speech at the Durham miners' gala giving support to the unions, waa loudly cheered by Government supporters.

Some Tory back benchers pointed accusing fingers at Mr Foot and his colleagues and dubbed them "guilty men" when Mr Howell contended: "Those who called this unnecessary strike, as well as those who have given comfort and succour to the strike, carry an immense and direct responsibility for all this damage and all this suffering."

Mr Leslie Spriggs (Labour St Helens) who is sponsored by the National Union of Railwaymen, which has accepted flexible rostering, added to the discomfiture of the opposition front bench by asserting that many Labour MPs attacking the new working hours introduced by the BR board did not know what they wera talking about.

As a railwayman of many years standing he believed that the new rosters would be "a real service" to every railwayman.

Mr Howell commented: "I hope very much that the practical wisdom of Mr Spriggs, hased on hard and real experience, will be listened to very closely hy bis more theoretical colleagues who seem all too eager to plunge the industry into grave dangers for no good reason at all."

Albert Booth: challenge to the Minister

Mr Albert Booth, Labour's shadow Employment Minister, again condemned Mr Howell's failure to take any initiative designed to end the dispute and challenged him to say whether there was anything in the proposals made by Aslef to the Advisory, Conciliation and Arbitration Service on Tuesday night which justified their rejection by the BR board.

He contrasted the efforts made by Mr Foot to secure a settlement through his meetings with Sir Peter Parker, the BR chairman, and Mr Ray Buckton, the Aslef general secretary, with the Minister's "abrogation" of his responsibility to try to get the railways running again.

Mr Howell regretted that the last-minute efforts of Acas had not mat with success but claimed that it was clear that Aslef's offer would do no more than fudge and delay ao issue which had already heen fudged and delayed for a long tima.

Such a course, be said, would not be in the interests of the majority of railway workers who had adopted the new prsctices and who wanted a new and modernised railway system.

Mr Howell angered his Labour critics by recalling the attacks made on opposition leaders by Mr Sydney Weighell, the NUR general aecretary, and of his plea to Mr Foot to "behave like a leader."

Mr Leslie Huckfield (Lab Nuneaton), parliamentary spokesman for Aslef, insisted that it was factually correct that the BR board had refused to negotiate when the union's executive offered precisely what the board had itself been seeking two weeks hefore.

He protested that this week, local BR management had been using threats, bullying and intimidation against Aslef members.

Mr Huckfield said such tactics confirmed his view that both Mr Howell and the BR board had all along heen seeking a deliberate confrontation with the unions.

Mr Howell retorted that Mr Huckfield could not escape the fact that the BR hoard had bent over backwards to provide ways in which flexible rostering could he introduced. The response of the Aslef executive on June 29 had been to call a strike.

The Minister assured Mr Huckfield that any change of heart hy Aslef would he welcomed by the Government and the BR board.

Mr Tom Bradley (SDP, Leicester East) a past president of the Transport Salaried Staffs Association, said his union, like the NUR, had condemned tha present disastrous situation. But he urged tbe Minister to intervene to get the parties round the negotiating table rather than to continue to "shrug his shoulders."

Mr Howell replied that a decision by Aslef to call off the strike must be the first step. As long as tbe strike was banging over the situation it was difficult to see how sensible discussions could take place.

Mr David Stoddart (Labour, Swindon) accused the Minister of acting like a later-day Pontius Pilate.

In a reference to the possible closure of the London Underground he contended: "You will have to intervene eventually, particularly if the capital comes to a standstill."

Jenkin backs call for lower pay deals

By John Hunt, Parliamentary Correspondent

THE RECENT call from Sir Geoffrey Howe, Chancellor of the Exchequer, for a further substantial fall in the level of wage setlements was repeated and strongly underlined in the Commons last night by Mr Patrick Jenkin, tha Industry Secretary.

The speech by Sir Geoffrey, made early last week, met with a storm of protests from trade union leaders.

Mr Jenkin backed it up last night when ha replied to a Labour motion protesting at the "drastic increase" in unemployment in every region and condemning the Government's regional policies as totally inadequate.

Mr Jenkin told the House: "The Chancellor was right to stress that there can be no let up on pay."

It was important, said Mr Jenkin, that the Government's policy aimed at greater competitiveness must he sustained over many years. Britain had a long way to go even to get hack to the relative position of competitiveness of 1975.

All the efforts of industry to improve efficiency would come to nothing, he said, if the whola benefit was swallowad up in higher pay

If inflation was coming down, he thought it made sense from every angle that pay settlements should come down as well.

"We must continually hammer home the message that higher pay must be earned by higber ontput."

If pay was pushed up higber than in competitor countries then the consequences could only he loss of poba and longer dole queues. Mr Jankin said that inflation was now running in single figures and this held out the prospect of the rate coming down steadily for the rest of this year and into next year.

Emphasising that further reductions in inflation were the primary target he said: "If we were to embark on policies which led to the resurgence of inflation we would forfeit the confidence of the great mass of British industry."

According to Mr Jenkin there was good news on the production front. Tuesday's figures had shown that Industrial production was up in May. Most forecasts indicated that the underlying measure of output was expected to rise in the second half of this year.

"There are welcome signs of economic realism right across the country."

Mr Jenkin condemned proposals in Labour's latest policy document. They envisaged the state takeover of the most successful companies, not by democratic act of Parliament hut by statutory instrument. Economic reality was not allowed to intrude in the document, he said.

In a fierce attack on Government policies Mr John Prescott, Labour'a regional spokesman, said the recent proposals on assisted areas were totally inadequate. In three years of Conservative rule there had been the highest level of unemployment and the largest fall in total output. Against that backgronnd, be said, no regional policy conld succeed.

SDLP AND DEVOLUTION

Forgotten Act threatens Ulster plan

BY MARGARET VAN HATTEM, POLITICAL STAFF

A WIDELY FORGOTTEN Act of Parliament threatens to wreck the Ulster Secretary, Mr James Prior's plan for devolving power to Northern Ireland.

It would prevent a leading member of the Social Democratic and Labour Party, Ulster's only major oationalist party, from taking a seat in the new Northern Ireland assembly.

The SDLP whose support is crucial if the new assembly is to achieve the cross community support required for a transfer of power, may well boycott the October 20 elections for the assembly, unless the law is changed.

Mr John Hume, the party leader, yesterday described the issue as a "time bomb."

Mr Prior has ruled out any change in the law. For, apart from lack of time left in the present session of parliament, he is understood to consider that the necessary amendment would bave no cbance of getting through the Commons.

Recent opposition to his Northern Ireland Devolution Bill may well have strengthened him in this helief.

The Act in question ia the 1975 Northern Ireland Assembly Disqualification Act, which hars civil servants, memhers of the judiciary, the police force and armed forces and, most aignificantly, "any memher of the legislature of any country outside the Commonwealth." The Act givea the Secretary of State no discretion to waiva its provisions.

One man thus disqualified Is Mr Seamus Mallon, deputy leader of the SDLP, who earlier this year was appointed hy Mr Cbarles Haughey, the Irish Prima Minister, to a aeat in th Irish Senate.

The SDLP bas made no secret of its hitter opposition to Mr Prior's devolution plan, wbich it considers unworkable. Since electiona are the only harometer of electoral support in the province, the party may, to some extent, feel trapped into taking part in the Assembly elections unless jt can find an acceptahle pretex for opting out.

The party executive is due to meet next month to decide wbether to stand. Any decision to boycott the elections on this issue would emharrass the Government, calling into question the legitimacy of the recent White Paper on Northern Ireland.

REGRET that British servicemen who dled in Northern Ireland had not been honoured as had those who died in the Falkland Islands, was expressed yesterday hy Mr James Prior, the Ulster Secretary.

"I feel a little regretful that the over 400 British servicemen who have given their lives in Northern Ireland, let alone the 2,000 murdered, have not heen bonoured in the manner in whlch we bave hononred the Kalklands people," he said.

Mr Prior was speaking at a Parliamentary Press Gallery lnnch the day after the announcement of a campaign medal for the Falklands hattle.

He went on to defend bis decision to press ahead with plans for assemhly elections and "rolling devolution" for Nnrthern Ireland. He believed he was right in adepting the same step-by-step approach tn Northern Ireland Government that be had used as Employment Secretary in industrial relations.

Tbe Ulster Secretary said it was far too easy fnr the people of Northern Ireland to place the responsibility for everything that went wrong on to someone else, generally the "Brits" and the British Gnvernment. "Until you get a sitnation where people have more responsibility you will continue tn get extremism."

That accounted for the growth of support for tbe Rev Ian Paisley and the losses of the Social Democratic and Labonr Party to the nationalist extremists.

of slockholders and tbe size of In the White Paper the Government gave clear and unequivocal recognition to the right of the nationalist minority to consider themselves Irish and to express their Irish identity and their aspirations for Irisb unity through legitimale political activity.

If this excludes Northern Irish politicians who sit in Irish political institutions, the SDLP argues that the unique relationship hetween Britain and Ireland, to which the British Government has often referred, and the concessions offered to nationalists in the White Paper are worthless.

Tbe SDLP, already deeply disappointed by the Northern Ireland Devolution Bill, which is clearing its last stages in the Lords, has been angered further hy Government hints that the setting up nf a parliamentary tier for the year-old Anglo-Irish Council may he a long way off.

That parliamentary hody would provide a forum for Northern and Southern Irish nationalist politicians to work together. But Ministers have indicated recently that hecause of present strains betwean the London and Duhlin Governments, the move is likely to be delayed. The SDLP regards this as a blatant attempt tn blame Mr Haughey for the British Government's unwillingness to make a move.

Economy doing better than expected

By Our Parliamentary Correspondent

THE ECONOMY seems to [illegible] faring better than forecast [illegible] tbe time of the Budget in th[illegible] spring, Mr Leon Brittan, Chi[illegible] Secretary to the Treasury, h[illegible] told tbe Commons.

He was speaking ear[illegible] yesterday when the Financ[illegible] Bill was given a third readi[illegible] by a majority of 91 (274-183[illegible]

"On inflation, as on intere[illegible] rates, we have seen furth[illegible] progress since the Budget[illegible] Mr Brittan told the House.

"We will he tbe first Gover[illegible] ment for a quarter of century successfully tn reduc[illegible] the average rate of inflatio[illegible] during its term of office."

Mr Brittan said the Financ[illegible] Bill contained a large numb[illegible] of valuable improvements [illegible] the tax system designed t[illegible] help businesses and ind[illegible] viduals. For the third succe[illegible] sive year there was a packa[illegible] of measures to help new an[illegible] existing small businesses.

MPs call for urgency on seatbelts

MPs from all sides presse[illegible] the Government in the Con[illegible] mons yesterday tn speed u[illegible] the introduction of compu[illegible] sory wearing nf seatbelts. Th[illegible] new law was included in la[illegible] year's Transport Act, but i[illegible] not likely to be implemente[illegible] nntil next March.

Mr Tohy Jessel (Con Twicl[illegible] enham) protested: "Ever[illegible] week's delay costs 14 live[illegible] and some 200 serious i[illegible] juries." He said it was a yea[illegible] since parliament had a[illegible] proved tbe law. The Depar[illegible] ment of Transport shoul[illegible] make haste to comply wit[illegible] tbe clear will of parliament.

Mrs Lynda Chalker, Tran[illegible] port Under-Secretary, replie[illegible] that the necessary regul[illegible] tions had heen laid befor[illegible] parliament nn Tuesday. Bu[illegible] once they bad heen approve[illegible] there bad to he a 23-wee[illegible] period before they came int[illegible] force.

She would, however, co[illegible] sider speeding up the intro[illegible] dnction of rules affectin[illegible] children under 14. "I wi[illegible] certainly look to see whethe[illegible] the protection for childre[illegible]

Replying to Mr Roger Stot[illegible] for tbe oppositioo, who sai[illegible] the regulations should he de[illegible] bated and approved befor[illegible] the summer recess, Mr[illegible] Chalker said she was doin[illegible] her best to see tbat was done

Thatcher rebuffs Falklands hint

By Our Political Staff

MRS THATCHER yesterday rebuffed suggestions by the United Nations Secretary-General, Sr Javier Perez de Cuellar, that negotiations might he resumed between Britain and Argentina over the Falklands Islands.

Sr Perez de Cuellar, who met the Prime Minister for an hour yesterday while on a two-day visit to Britaln, raised the question of future negotiations over the soverelgnty of tha islands. Mrs Thatcher insisted, however, that sovereignty was not negotiable and that further talks on the issue were out of the question.

The Prime Minister has made it clear that she considers the United Nations' role in the Falkflands affalr to be over. The Secretary-General has made it equally clear that he does not take this view and is determined to get the British and Argentine Governments talking again as soon as possible, by proxy, if necessary.

According to Downing Street, Sr Perez de Cuellar did not press the issue at yesterday's meeting, which was described as "extremely warm and friendly."

Mrs Thatcher is said to have praised and thanked the Secretary-General for his efforts in the earlier negotiations and to have given him a full briefing on the return of Argentine prisoners-of-war.

Roger Taylor

Mrs Tbatcher with Sr Perez de Cuellar at Downing Street

Lords inflict speeding defeat

THE GOVERNMENT was defeated in the Lords yesterday when peera backed an amandment to the Transport Bill outlining fixed penalties for speeding offences.

Voling for a two-ller structure of penalties, which would take accounl of technical offences as distinct from serious ones was 74 to 66.

Urging the change during the Commiltee Slage, Lord Lucas of Chilworth (Con) explained that the provision would ensure thal for purely technical speeding offences where there was no reckless driving or inconvenience to other drivers ,the penalty would be less than if the driver attempted to argue the case and went to court.

For the Government, the Earl of Avon argued that the provisions of the 1981 Act should be continued. "I think we really must give it a chance before we start changing it."

Secret union ballots planned

BY JOHN LLOYD, LABOUR EDITOR

THE GOVERNMENT is to hold early consultations on legislation requiring unions to use secret ballots in elections, Mr Norman Tebbit, the Employment Secretory, sald yesterday.

Speaking at a Policy Studies Institute seminar in London, Mr Tebbit said: "It is now clear that many trade unions have not shown the will to take the necessary action themselves. The Government will therefore look more seriously at what options are open to them, including legislation, to achieve what must be the common goal of making unions more representative and democratic."

Earlier, in an ITV interview, Mr Tebbit said that he hoped unions would take part in tha consultation process. He added, however, that, "there is a strong implication hat, if they bavan't moved on this issue over many years, the unions are unlikely to move voluntarily."

He said he dld not helieve that union leaders apoke for 12m people—the total union membership—and added: "They (the union leaders) talk about their mambers as though they were moonies or aheep—and I don't helieve that tha members, who are really the trade unions, hold the same views as their leaders."

Mr David Waddington, a junior Employment Minister, complemented Mr Tebbit's attack on union leadership when he told a CBI conference in London yesterday that excessive union power had often stifled genuine communication between employers nad their employees.

"Managements have been encouraged to abandon completely their responsibility for informing employees about the financial position of the undertaking and the changes required to make it prosperous. They have relied entirely on sbop stewards and unelected union officials for communicating with the workforce.

"In some enterprises it is still the union alone which decides what information should be passed on and what witheld. Management shrugs off its responsibilities to employees and ignores the challenges in favour of a quiet life."

Youth casualties

FIVE youngsters died in the nine months ended March this year while working on Youth Opportunities Programme courses, Mr Peter Morrison, Employment Under Secretary, said in a Commons written reply. He did not give the circumstances of the deaths.

In a total of 2,652 accidents, 32 youngsters lost part or all of a finger, hand, toe or foot, 34 suffered eye injuries and 453 sustained fractures.

Dividend payments may be hit by action

By Brian Groom, Labour Staff

BRITAIN'S largest finance industry union is planning the possible disruption of dividend payments to up to 700,000 shareholders in 135 companies.

These include Midland Bank, Dunlop Holdings, Tesco Stores Holdings, Standard Chartered, Britannia Arrow Holdings, Sedgwick Group, Glynwed and Dowty.

The share registers of all these are handled by the Midland, but the bank is to run down its loss-making Registrar's Department and close it in July 1983.

Midland has offered to make every effort to redeploy the 106 staff in the department, situated in Sheffield, but has refused to give an absolute guarantee of continued employment.

Members of the Banking, Insurance and Finance Union intend to mount a campaign of non-co-operation. The first phase, to start in a few days, will be a refusal to co-operate with the transfer of share registers from the bank.

This is designed to disrupt the closure programme without "unduly" affecting the public. Bifu is not disclosing its next target, but it is understood this could be disruption of dividend payments to all shareholders.

The precise effect depends on how many companies' registers were still with Midland, and whether dividend payments were due during the period of the action.

The bank said yesterday that it understood that a ballot of Bifu members on industrial action had still to take place by the end of this week, and it hoped the issue could be resolved.

However, it acknowledged that action by Bifu, which represents most of the staff, could have a disruptive effect.

Mr Hedley Woods, Bifu assistant secretary, said: "I hope Midland will respond with a guarantee of continued employment for all my members, as it must be clearly understood that unless this guarantee is forthcoming we will be forced to step up the campaign."

He added: "This could ultimately result in the severe disruption of share transfers and the payment of dividends."

Barclays ready to force Saturday opening

BARCLAYS BANK is set to force through its planned reintroduction of Saturday opening at selected branches in the face of threatened industrial action by both its unions.

The Banking, Insurance and Finance Union yesterday followed the biggest union, Barclays Group Staff Union, in deciding to ballot its 15,000 members on action.

It will take a different form, however. Bifu will urge members to vote for a blacking on Mondays and Tuesdays of Saturday-related work.

"We will have to put our tin hats on," one senior Barclays executive said last night.

The result of Bifu's ballot will be known early next month.

BGSU confirmed that it will go ahead with a ballot of its 35,000 members, after the bank refused its request for an absolute commitment to grant compensatory time off during the week for staff who work on Saturdays.

The union wants its members to go home an hour early on Friday, August 13, and start work an hour late on Monday, August 16 — the weekend on which the first 33 branches open on Saturday.

Members would subsequently refuse to work voluntary unpaid overtime, and a further ballot might be held on stronger action.

Barclays believes there is a good chance that BGSU members will reject their leaders' ballot recommendation. It believes the proposed action "could have been worse," as one manager put it.

It also feels it is well on the way to receiving enough volunteers to carry out its plan. So far it has received 10,183—enough to staff 330 branches, though not the full 400-plus.

Barclays yesterday offered a pilot scheme of compensatory time off in one of its districts, which could be applied generally if successful, but BGSU said this was insufficient.

The union believes time off is the only way to guarantee the sanctity of the five-day week. Barclays says it would lead to increased pressure in branches where staff were absent for periods during the week.

Barclays gave an assurance that no compulsion would be introduced in any possible further extension of banking hours.

Bifu's decision was taken at a two-day meeting of its executive in Birmingham

'Watershed' in banking history

Brian Groom looks at the BGSU threat of industrial action

LEADERS OF Barclays Group Staff Union believe they have taken an historic step by threatening industrial action—for the first time ever—over the bank's plan to open at least 400 branches on Saturday mornings this autumn.

"No-one will now be able to call us a pansy or sweetheart union," one of them claimed. He was worng: other people will continue to do so, whether justified or not. The BGSU argues that its threat is a watershed in the history of the English clearing banks, even if—as is quite possible—it is not carried through.

None of the three former staff associations at Barclays, National Westminster and Lloyds, which now make up the 93,000-member Clearing Bank Union, has ever taken industrial action.

Until now such action has been the preserve of the CBU's TUC-affiliated rival, the Banking, Insurance and Finance Union, with 70,000 members in the English clearers. But the CBU is now drawing up options for action next year if the banks try to force through a third successive pay deal below inflation.

Mr Jack Britz, CBU general secretary, believes that even if industrial action by his union does not happen over this or over Barclays' Saturday opening, it will come—perhaps within two years. And once it has happened, the relationship between the banks and large numbers of their moderate, easy-going staff may never be quite the same again.

The main reason for it, Mr Britz says, apart from social change, is the hard line being taken by the banks on pay and all cost items, and their refusal to consult unions on several issues. He accuses them of taking advantage of the high unemployment, and exploiting the moderate nature of their staff.

"It is the attitude which says we can get away with anything, but it can lead to excess, and in the final analysis staff will react," he says.

Barclays is cited by its staff union as a prime example of that attitude. In the past year, BGSU says, Barclays has instituted a productivity improvement without consultation, taken a high-handed attitude to study leave and a restrictive attitude to staff benefits, and finally imposed Saturday opening, also without prior consultation.

Mr Leif Mills, general secretary of Bifu, takes a less apocalyptic view of the state of industrial relations. "The banks have always been profit-motivated. The market place is much tougher now, it is much more competitive, and that and the recession are reflected in the industrial relations. But there is no fundamental change in bank philosophy. They have always ben difficult employers."

That is an understandable Bifu viewpoint. Although the union has taken more industrial action in the last five years than in the previous 50, it has gone through a relatively quiet period since its national industrial action over pay in the spring of last year.

It also reflects Mr Mills' calm approach to his job. "It is a more confrontational society, and I regret that because I'd rather disputes were solved by agreement, but I don't think we are worse off than any other industry."

Bankers, understandably, are keen to agree that they are not doing anything unusual. As one put it: "People think industrial relations are good if they are getting what they want. If they don't, they think industrial relations are awful."

But some agree that banks are taking a new and perhaps irreversibly tougher line on staff costs in the harsh competitive environment.

Staff costs are roughly two-thirds of the banks' operating costs. Banks feel entitled to some relief from this as they pour investment into labour-saving new technology, but believe they are not getting it.

The clearers' staff costs rose by between 16 and 22 per cent last year—a lower rate than some previous years. Staff find it hard to accept below-inflation pay rises when they see profits like National Westminster's £494m last year—up 20 per cent—but many bankers are worried about the vulnerability of their profits to a significant fall in interest rates.

Retail Banker International calculated that if banks had to pay interest on current accounts, a 5 per cent rate would have wiped out Midland's profits last year. At NatWest it would have taken 9 per cent and at Barclays 12 per cent.

In addition, banks have been under strong pressure from the Government, industrial customers and industrialists on their boards not to sign salaries and conditions deals which would have an adverse impact elsewhere in the economy.

Thus the last two years' pay deals have been below inflation—although banks say falling staff turnover has increased the number of salary increments paid, and actual salary levels have kept up.

It would be too much to suggest that staff attitudes have changed overnight, even though some resentment may have built up. "There is a world of difference between accepting the principle of industrial action and carrying it out," says Mr Britz.

But, he adds: "Two years ago members could not even have thought about industrial action without breaking into a sweat."

Some CBU leaders believe the banks must realise sooner or later that their tough line cannot go on forever. Mr Britz, however, suspects they will not be able to resist continuing until possibly irreversible damage is done.

The banks' problem, he says, is that they are acting as if their backs are against the wall, when that is not the case. "They are acting as if they were BL," he says.

Mr Britz believes the unions would be much stronger togethe. As it is, they have chosen two typically different forms of industrial action at Barclays.

The CBU has pushed for closer working with Bifu, possibly leading to a merger of equals, but has been rebuffed. Bifu wants to take over the individual staff unions on its own terms.

Long-term jobless 'may reach 1m this year'

By Alan Pike, Industrial Correspondent

THE PROBLEM of long-term unemployment will grow during the mid-1980s, the Manpower Services Commission says in its 1982 manpower review published yesterday.

It is expected that the long-term jobless will reach 1m this year. It is also forecast that the long-term unemployed will make up nearly two-fifths of all the jobless through the mid-1980s.

"If the labour market remains sluggish there could be a sharpening contrast between workers still in jobs but reluctant to face the risks of moving from them, and the lack of opportunities for those dislodged from employment and for new entrants or re-entrants to the labour force—predominantly school leavers and married women."

The review records that the demand for labour continued to fall last year, with particularly severe drops in declining manufacturing industries. There was a decline in the level of notified redundancies during the second half of the year, with unfilled vacancies at jobcentres rising above 100,000.

On youth unemployment in which the commission is most deeply involved, the review says school leavers will in the immediate future be increasingly dependent on special measures or continued education. Prospects for young people should improve during the second half of the decade when fewer school leavers will enter the labour market for demographic reasons.

One of the major features of the British labour market over the past 20 years, says the review, has been the development of part-time work. This has accounted for most of the growth in employment during the past decade.

In a review of technological change, the commission says the employment and productivity effects of new technology have so far been less significant than is often supposed. "This is to be expected, given the impact of the recession," it adds.

Manpower Review, 1982—Manpower Services Commission. Copies available from MSC Secretariat.

Top union leaders clash over TUC links with Neddy

BY JOHN LLOYD, LABOUR EDITOR

LEADERS OF two major unions clashed yesterday over the TUC's continued participation in the National Economic Development Council (Neddy), an issue which has sharply divided the TUC General Council.

The clash between Mr Moss Evans, general secretary of the Transport and General Workers, and Mr David Basnett, general secretary of the General and Municipal Workers, came at a meeting of the TUC's economic committee, of which Mr Basnett is chairman.

Mr Evans said that the abrasive and hostile tone adopted by Mr Norman Tebbit, the Employment Secretary, at last week's meeting of the NEDC pointed to the futility of the unions remaining on the council.

However, Mr Basnett argued that the hostility shown by Mr Tebbit was a reason for remaining in. In spite of Mr Tebbit's having been given a "contract to be offensive" to union leaders, unions had to counter this with arguments which would advance their positions.

The committee endorsed the hard line taken by TUC representatives at the NEDC meeting, including total rejection of the zero or low wage increases proposed by the Chancellor for the coming year.

Mr Basnett said after the meeting that "the Government is clearly determined not to work with the trade unions and other parts of society for a solution to our problems. No consensus about economic policy is possible as long as the Government remains so hostile to trade unions."

The committee came closer to adopting a policy in favour of statutory backing for shorter working hours. The likely outcome of the TUC's lengthy deliberations on this issue is a call for an Act similar to the Equal Pay Act, which does not have judicial force but provides for cases to be heard by industrial tribunals.

New EPTU secretary will share power with Chapple

BY OUR LABOUR EDITOR

THE 400,000-strong Electrical and Plumbing Trades Union is to hold elections for a general secretary who will take over from Mr Frank Chapple in the near future.

Nominations for the post, one of the most important and powerful in the Labour movement, will be called in September, with a postal ballot in November or December. Ballot will be by simple transferable vote, conducted by the Electoral Reform Society.

Mr Chapple, 61, will run the union in tandem with the successful candidate for an unspecified period. He need not retire until he is 65 and will serve his full term as next year's chairman of the TUC if, as is almost certain, he is elected to the post at September's TUC.

His retirement will mark the end of a 16-year stint as general secretary of the EPTU and of a career which he began as a Communist, switching to a hard-line anti-Communist in the mid-1950s.

He has since been an outspoken critic of the Left in the Labour movement, attracting equally outspoken hostility, and a good deal of quiet support from TUC colleagues less willing to publicise their disagreements with Left-wingers.

The post is certain to be hotly contested. Candidates from the dominant Right wing are likely to declare themselves soon.

The present favourite is Mr Eric Hammond, executive councilman for the Home Counties, who has taken over some of Mr Chapple's public appearances and attracted much the same kind of hostility from the Left.

A candidate with a much lower profile would be Mr Roy Sanderson, the EPTU national officer for engineering, commanding considerable respect in and out of the union for his competence and diligence.

Others likely to declare are Mr Paul Gallagher, executive councilman for Manchester; Mr Lou Britz, London regional officer; and Mr Tom Rice, national secretary of the white-collar section, EESA.

From the left the highest-profile candidate is Mr Wyn Bevan, executive councilman for South Wales.

APPOINTMENTS

Retail research company to be formed by Courage

Mr Peter Webber is joining COURAGE in September as development director of Courage Brewing and managing director designate of a company shortly to be formed by Courage as its retail research and development company. Mr Webber has been with Grand Metropolitan for 12 years, latterly with the hotels division as group catering director.

★

Mr John Horrell, a member of Cambridgeshire County Council, was re-elected chairman of the ASSOCIATION OF COUNTY COUNCILS (ACC) at the Association's annual meeting in London. Mr Harry Purcell, of Hereford and Worcester County Council, formerly chairman of the ACC's police committee, has become the new vice-chairman of the Association.

★

Sir George Kenyon will retire as chairman of WILLIAM KENYON AND SONS on August 2 after 21 years as chairman and 50 years with the firm. He will remain on the board as a non-executive director. The group managing director, Mr C. G. Kenyon, will become chairman and will remain group chief executive.

★

Mr J. D. Webster (Sun Life) has been elected chairman of the BRITISH INSURANCE ASSOCIATION INVESTMENT PROTECTION COMMITTEE in succession to Mr R. Medhurst (Prudential). Mr D. S. Enock (Commercial Union) and Mr C. E. Parker (Eagle Star) have elected deputy chairmen.

★

PROCTER AND GAMBLE has established the new post of manager, personal care products, filled from August 1 by Mr A. H. Welch, who is already a director of the company and member of its management committee. Among those reporting to Mr Welch will be two new members of the company's management committee, Mr J. F. Orr, who takes over Mr Welch's present responsibilities as sales manager, personal care products, and Mr H. Trainor, who becomes product development manager of the division. Mr C. H. L. Davis, currently the division's advertising director, is transferring to an assignment with the parent company in Cincinnati.

★

Mr Brian J. Moulton, managing director of Glynwed Plastics, has been appointed managing director of DURAPIPE INTERNATIONAL.

★

Mr J. Desmond Cassidy and Mr David Travers have been appointed executive directors of DPCE (HOLDINGS). Both remain on the board of DPCE (UK) as sales and marketing director and operations director, respectively. Two appointments have been made to the board of DPCE (UK). Mr Harvey Tordoff, previously the company's financial controller and company secretary, becomes financial director; and Mr Rodney Marshall, previously support services manager, is made purchasing director.

★

Mr M. J. Dunn has been promoted to manager of NRG LONDON REINSURANCE COMPANY.

★

Mr Edward J. Turner has been appointed to the board of HELICAL REINFORCEMENTS, part of the Helical Bar Group. He joined the company in February from Aerated Concrete where he was national sales manager.

★

BRITISH TRANSPORT DOCKS BOARD has appointed Mr Andrew Kent as docks manager for the East Anglian port of King's Lynn. He succeeds Mr Bob Owen, who died suddenly on July 3. Mr Kent was operations manager, Southampton.

★

Mr Stuart McIntyre has been a director of PROPERTY HOLDING AND INVESTMENT TRUST since 1965 but has decided that he now wishes to retire. Mr Einion Holland, a director and chief general manager of Pearl Assurance, is to join the PHIT board.

★

Mr Peter Hayman has been elected chairman of council of the ASSOCIATION OF CORPORATE TREASURERS. He is finance director of the Thorn EMI Engineering Group.

★

ITEK INTERNATIONAL has appointed Mr Peter Lake as vice-president and general manager for Europe, Africa and the Middle East, operating from the company's international headquarters in Windsor. He came to Itek two years ago as director—sales operations.

★

The RELIANCE MUTUAL INSURANCE SOCIETY has invited Mr Dennis F. Gilley to become a non-executive director. He is a consultant partner of R. Watson and Sons, Reigate, and a director of Ringley Employee Benefit Communications.

★

SUN LIFE OF CANADA has appointed Mr Tony Heath as vice-president, group, in the company's British national office. He has been the company's assistant vice-president, group, since January 1981.

★

Mr Coen Solleveld, newly-elected president of the INTERNATIONAL FEDERATION OF PHONOGRAM AND VIDEOGRAM PRODUCERS, has made two senior executive appointments. Mr Ian Thomas becomes director general and chief executive of IFPI. Miss Gillian Davies has been appointed associate director general and chief legal adviser.

★

THOMAS TILLING has appointed Mr David D. Rae Smith, as a non-executive director. He was senior partner of Deloitte Haskins and Sells, until his retirement.

★

Mr Alan Hinkley has been appointed a director of COUNTY BANK.

★

NORTH CAROLINA NATIONAL BANK CORPORATION, has promoted three officers of the London branch of the Bank to vice-president. They are Mr Paul R. Gilliland, the financial controller, Mr C. Alan Medearis, a leading officer in the international division, and Mr Adrian C. Richardson, who has also been appointed chief dealer in the funds management group.

★

Greyhound Guaranty, London-based banking and financial subsidiary of The Greyhound Cpn, has formed a new wholly-owned subsidiary, GREYHOUND FINANCE INTERNATIONAL. The chairman is Mr Geoffrey Evans, who is also chairman of Greyhound Guaranty and was, until his retirement last year, a joint general manager of Lloyds Bank. Mr Michael Woodford, formerly an associate director of Barclays Export Services, has joined the board of GFI as managing director, and Mr Ronald de Vries, who was also previously with the Barclays Bank Group, has been appointed executive director responsible for overseas development.

★

Mr Stephen Snook has been appointed a director of KININMONTH MARINE.

TELEVISION

BBC 1

6.40 am Open University (UHF only). 10.55 Golf: The Open, from Royal Troon—the 111th Championship. 1.00 pm News After Noon. 1.27 Regional News for England (except London); London and South-East: Financial Report. 1.30 Mr Benn. 1.45 Golf: Further coverage. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 The All New Popeye Show. 5.05 Newsround. 5.10 Think Again: The fun behind the facts about milk.

5.40 Evening News.

6.00 Regional News Magazines.

6.25 Nationwide.

6.55 Holiday Report.

7.05 Medical Express.

7.35 Top of the Pops, introduced by Peter Powell.

8.10 Fame: Another story from New York's High School for the Performing Arts.

9.00 News.

9.25 Oppenheimer.

10.38 News Headlines.

10.40 "Horror Express," starring Christopher Lee, Peter Cushing and Telly Savalas. The two masters of horror take an event-filled journey by train across Siberia.

Tonight's Choice

Much of the day on BBC-1 is devoted to live coverage of **The Open from Troon.** Strangely enough for a sport which involves considerable acreage and protracted competition, golf has proved a near ideal television entertainment. Anyone struck down and kept home with hayfever, summer 'flu or sheer laziness could be in for an interesting day.

Families with teenage members will be well aware that Thursday is **Top of the Pops** day. Those who have given the programme a miss since the Everley Brothers left the stage might like to know that tuneful stuff seems to be making a comeback.

A litle earlier we have the start of a new series of **Holiday Reports.** John Carter, the programme's presenter, is one of those rare television animals, a critic who does not seem to flaunt his expertise to the viewer and who is rarely diverted into scoring points off the victims concerned.

Another new series starts in the form of **Medical Express.** For starters we are promised tips on how to improve our memories. If I can recall the time (7.05) I may watch.

There is a clash here with a new ITV light entertainment production, **The Paul Squire Show.** On balance it may be better to stay with memory improvement and the Top Twenty.

ARTHUR SANDLES

BBC 2

6.40 am Open University.

10.30 Play School.

4.20 pm Golf: The Open—the 111th Open Championship.

6.10 Carl Flesch International Violin Competition.

7.40 News Summary.

7.45 Poems In Their Place.

8.00 Carl Flesch International Violin Competition.

9.00 The Rolling Stones.

9.30 Golf highlights.

10.05 The Associates.

10.30 Carl Flesch International Violin Competition.

10.45 Newsnight.

11.30 John Field.

LONDON

9.30 am Barney Google and Snuffy Smith. 9.40 Wilderness Alive. 10.30 History of the Grand Prix: "1972—Best of the Best," a memorable year in Formula One racing. 11.00 A Big Country: "Walking The Flinders." 11.30 Paint Along With Nancy. 12.00 Gideon. 12.10 pm Get Up and Go! 12.30 The Sullivans. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Emmerdale Farm. 2.00 Here Today. 2.45 Whicker's World: India. 3.45 In Loving Memory. 4.15 Dr Snuggles. 4.20 Voyage to the Bottom of the Sea: Richard Basehart, David Hedison in "Graveyard Of Fear." 5.15 Survival.

5.45 News.

6.00 Thames News with Andrew Gardner, Rita Carter.

6.30 Dangermouse.

6.45 Robin's Nest.

7.15 The Paul Squire Show.

7.45 "Escape Of The Birdmen," starring Doug McClure, Chuck Connors.

9.30 TV Eye.

10.00 News.

10.30 The Police and the Public.

11.30 Ladies' Man: Lawrence Pressman in "Susan, The Playwright."

12.00 What the Papers Say.

12.15 am Sit Up and Listen

† Indicates programme in black and white

All IBA Regions as London except at the following times:—

ANGLIA

9.30 am Sesame Street. 10.30 Cities. 11.25 Country People. 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 4.20 The Adventures of Black Beauty. 4.45 Father Murphy. 5.00 About Anglia. 5.35 Arena. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Lou Grant. 12.30 am People and Their Poetry.

BORDER

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.05 3-2-1 Contact. 11.30 The Extraordinary People Show. 1.20 pm Border News. 4.20 Sport Billy. 4.45 Here's Boomer. 5.15 University Challenge. 6.00 Lookaround Thursday. 6.35 The Sound Of... 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Pro-Celebrity Snooker. 12.15 am Border News Summary.

CENTRAL

9.45 am Make Mine Music. 10.10 Bygones. 10.35 Superstar Profile. 11.00 Survival Special. 12.30 pm The Young Doctors. 1.20 Central News. 4.20 Sport Billy. 4.45 Father Murphy 6.00 Crossroads. 6.25 Central News. 7.45 Falcon Crest. 11.30 Central News. 11.35 Bernadette Peters in Concert.

CHANNEL

1.20 pm Channel Lunchtime News. 4.20 Father Murphy. 5.20 Crossroads. 6.00 Channel Report. 6.15 School Report. 6.30 Gardens For All. 7.00 Cartoon Time. 7.45 Falcon Crest. 10.28 Channel Late News. 11.30 The Monte Carlo Show. 12.25 am News and Weather in French.

GRAMPIAN

9.35 Sesame Street. 10.35 Al Oeming Man of the North. 10.55 The Nature of Things. 11.50 Cartoon. 1.20 pm North News. 4.20 Little House on the Prairie. 5.15 Survival. 6.00 Summer at Six. 6.30 Police News. 6.35 Sounds of . . . . Vizzion. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Nero Wolfe. 12.25 am North Headlines.

GRANADA

9.30 am European Folk Tales. 9.40 A Place to Live. 9.55 Joe 90. 10.20 Young Ramsay. 11.00 3-2-1 Contact. 1.30 The Extraordinary People Show. 1.20 pm Granada Reports. 4.20 Vicky the Viking. 4.45 Little House on the Prairie. 5.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.45 Falcon Crest. 11.45 Lifeline.

HTV

9.50 am 3-2-1 Contact. 10.20 Larry the Lamb in Toytown, followed by Magilla Gorilla. 10.45 Wild, Wild World of Animals. 11.10 Patterns. 11.35 Johnny's Animal Operas. 1.20 pm HTV News. 5.05 Jobline. 5.15 Benson. 6.00 HTV News. 6.50 Crossroads. 7.45 Falcon Crest. 10.28 HTV News. 11.30 Lou Grant. 12.30 am What the Papers Say.

HTV Cymru/Wales—As HTV West except: 12.00 Annest. 4.16 Storybook International. 4.45 Sêr. 6.00 Y Dydd. 6.25 Report Wales.

SCOTTISH

10.00 am In Search Of. 10.25 Crazy World of Sports. 10.50 Hands. 11.15 Young Ramsay. 1.20 pm Scottish News. 4.20 Here Comes Boomer. 4.45 Sport Billy. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Sounds Of. 6.45 Benson. 7.45 Falcon Crest. 11.30 Late Call. 11.35 Barney Miller.

TSW

9.35 am Sesame Street. 10.30 Feature Film: "Non Stop New York." 11.50 The Undersea Adventures of Captain Nemo. 1.20 pm TSW News. 4.20 Father Murphy. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Gardens For All. 7.00 Cartoon Time. 7.45 Falcon Crest. 10.32 TSW Late News. 11.30 The Monte Carlo Show. 12.30 am Postscript.

TVS

9.30 am Alphabet: the story of Writing. 10.00 Paint Along With Nancy. 10.25 Cartoon. 10.30 Film: "Windbag The Sailor." 11.50 Cartoon Time. 1.20 pm TVS News. 3.45 In Loving Memory. 4.20 Little House on the Prairie. 5.15 Watch This Space. 5.30 Coast To Coast. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Late Night Drama. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 Alphabet. 9.55 Cartoon Time. 10.00 Bill Burrud Films. 11.10 Sound Of. 11.25 The Beachcombers. 11.50 Larry the Lamb. 1.20 pm North-East News and Lookaround. 5.15 The Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 7.45 Falcon Crest. 10.30 North-East News. 11.30 Check It Out. 12.00 Job Slot Extra. 12.05 am Get It Right.

ULSTER

10.15 am Story Hour. 11.05 Alphabet. 11.30 The Adventure World of Sir Edmund Hillary. 1.20 pm Lunchtime. 4.13 Ulster News. 4.20 Little House on the Prairie. 5.15 Jangles. 6.00 Good Evening Ulster. 6.25 Police Six. 6.35 Crossroads. 7.00 Cartoon Time. 7.45 Falcon Crest. 11.30 News at Bedtime.

YORKSHIRE

9.30 am Sesame Street. 10.30 "Appointment With Venus." 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 4.20 Father Murphy. 5.15 The Great Yorkshire Show. 6.00 Calendar. 6.20 Calendar Calling. 6.50 Crossroads. 7.45 Falcon Crest. 11.30 Late Night Drama.

RADIO

(S) Stereo broadcast (when broadcast on VHF).

RADIO 1

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 David Jensen with the Radio One Roadshow from Northern Ireland. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell, including 5.30 Newsbeat. 7.00 Peel's Pleasures. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News; Sport. 6.00 John Dunn (S). 8.00 Country Club (S). 9.00 Alan Dell (S). 10.00 The Impressionists. 10.30 Star Sound Extra. 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer (S). 10.00 The Last Two Mozart String Quintets (S). 10.40 Music for St Swithin's Day. Concert: Copland, Burkhard (S). 11.25 City of Birmingham Symphony Orchestra: Dvorak, Mozart (S). 1.00 pm News. 1.05 Manchester Summer Recital (S). 2.00 Handel (S). 4.00 Nash Ensemble (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 Bandstand (S). 7.00 The Castrato Legacy (S). 7.30 Intensive Care or an Endless Vegetable-like Existence, by Christopher Gaul (a play) (S). 8.35 Joachim Raff (S). 10.00 The Gym Lesson. 10.15 Music In Our Time (S). 11.15 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in Parliament. 9.00 News. 9.05 A Moveable Feast. 9.30 The Living World. 10.00 News. 10.02 European Journey. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Utopia. 11.48 Enquire Within. 12.00 News. 12.02 pm You and Yours. 12.27 Brain of Britain 1982 (S). 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Showbiz Naturalists. 4.10 A Good Read. 4.40 Story Time. 5.00 PM. 6.00 News, including Financial Report. 6.30 Any Answers? 6.54 It's a Bargain. 7.00 News. 7.05 The Archers. 7.20 Concert Prelude (S). 7.30 BBC Symphony Orchestra in Hong Kong Concert, part 1: Tippett, Brahms (S). 8.30 Interval Talk. 8.45 Concert, part 2: Dvorak (S). 9.35 Kaleidoscope. 10.00 The World Tonight. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

BUSINESS LAW

Remote guardians of justice

BY A. H. HERMANN, Legal Correspondent

Europe's courts have ruled against restrictive unions, insecure male chauvinists and mean managements

MOST COUNTRIES have a constitution, including a Bill of Rights. Hence, their Acts of Parliament are, or should be, interpreted so as to agree with the broad principles established by the constitution. Otherwise they run the risk of being declared null and void by the constitutional court.

The UK has neither a written constitution nor a Bill of Rights, and its courts respect the supremacy of Parliament which has the last word. But neither nature nor law can easily tolerate a void, and so one can observe that the place of the non-existent British Constitutional Court is being filled from outside, not by one but by two institutions: the Court of Human Rights in Strasbourg and the European Court in Luxembourg.

A week ago the Court of Appeal,* dealing with the complaint of a man who was dismissed because he refused to join a trade union operating a closed shop in his place of employment (and instead joined the Transport and General Workers' Union, which was contravening the anti-poaching agreement), held that the relevant Labour Relations Acts of 1974 and 1976 did not require that the closed shop should be voluntary or consensual.

The European Convention on Human Rights, to which the UK has adhered since 1950, provides that everyone has the right to form and join trade unions for the protection of their interests. In the case of the three British railwaymen† dismissed on the strength of closed shop legislation, the European Court of Human Rights held that there had been a breach of Article 11 of the Convention. But as Lord Justice Fox said in his judgment last week, this Convention was not a reliable guide to the intention of Parliament in the relevant legislation.

Sir Sebag Shaw agreed, and Lord Denning, MR, suggested that if the dismissed man applied to the European Court of Human Rights, that court could, in the long run, order the British Government to pay him compensation; he could not recover compensation from his employers in the English courts because under the Acts of 1974 and 1976 his dismissal was to be regarded as fair.

One can see that, inasmuch as the Strasbourg court functions as a substitute constitutional court for the UK, it does so at arm's length. Its rulings are not binding on English courts. There is only a certain obligation of the Government to comply, by initiating legislation.

The European Court in Luxembourg, the Community court, comes much closer to the traditional concept of a constitutional court, with jurisdiction not *over* but *in* member states. Having dealt, in the past, with five complaints of sex discrimination referred to it by the UK courts, it is by now quite familiar with the pieces of the Sex Discrimination Act, 1975, and the Equal Pay Act, 1970, which do not fit together. It has ruled that a woman can base her claim on the pay of a man who was doing the job previously; that employers' contributions to a retirement pension are "pay" which should be equal; that part-time workers should not be paid less simply because they are women, and that female employees should be given the same retirement advantages, such as concessionary fares, as men.

These, however, were only preliminary skirmishes. It was only last week, on July 6, that the court had to give an answer to the basic question emanating from the equal pay legislation, namely whether the provision that, when the work is not broadly similar but of equal value, a claim to equal pay arises only if the work has been rated as being of equal value by a job classification scheme which cannot be introduced without the employer's consent.

Trying to answer the question whether, under this provision, a Mrs O'Brien‡ was entitled to equal pay when her employers did not "adopt" a job evaluation study, the Employment Appeals Tribunal and three Lord Justices of Appeal said she was not, only to be reversed by the five Law Lords who were unanimous on July 30 1980, that she was.

The drafting of British equal pay legislation is appalling, though hardly worse than that of many other statutes, but the reluctance to read its true meaning is greater than usual. Why? Because managements still see in women a reservoir of cheap labour because trade unions are dominated by men and, in general, because male employees demand pay symbols to prove their sexual "superiority."

The European Court, in Luxembourg, held§ that British legislation fell short of EEC Directive 75/117 which requires equal pay for work of equal value. It ruled that UK legislation was inadequate as it did not provide for the recognition of equivalence of work and for the application of the principle of equal pay in situations where no job classification existed. In other EEC countries there is a possibility of using conciliation procedures subject to judicial review and a job classification scheme is not there an indispensable condition.

For a change, the requirements of the Commission, as endorsed by the court, seem quite feasible. With the exception of Denmark, none of the member countries restricts equal treatment to those who do similar work. The rule that work of equal value justifies equal treatment has been included in the German civil code and in the Greek constitution. In Belgium, France, Germany, Italy and Luxembourg, many problems are resolved by works inspectors, and if the dispute goes to court, judges are not bound by the results of job evaluation schemes. Under Irish legislation, which the Commission thinks the UK could follow, disputes about equality of pay may be referred to one of three equality officers. Their recommendations are not legally binding, and if not accepted, the dispute is left for the courts to decide.

The substitute constitutional courts in Strasbourg and in Luxembourg are sometimes useful; but would it not be much better to have a real one in London?

* *Taylor v. Co-operative Retail Services, TLR July 13, 1982.*

† *Young, James and Webster v. the UK 1978 IRLR 408.*

‡ *O'Brien v. Sim-Chem 1980 ICR 573.*

§ *Case 61/81, EEC Commission v. UK, unreported.*

RACING

BY DOMINIC WIGAN

WILLIE HASTINGS-BASS, who vacates his Marriott stables at the end of the season to start training in New South Wales, is hopeful that his Newmarket team is safely over its virus. Blood counts are back to normal among virtually all 65 and there are few, if any, horses still with *dirty noses.*

This afternoon at Kempton and Yarmouth I suspect that the quartet made up of Bo-Peep, Boreham Down, Norfolk Flight and Devil May Care will prove that Marriott is ready for an imminent return to form.

The most popular order among the Hastings-Bass runners looks likely to be Norfolk Flight bidding to land Yarmouth's John Malloy Handicap for a second year in succession. Norfolk Flight is set to make another bold bid in spite of being shouldered with 5 lb more on this occasion, than last year's 9 st 4 lb for the seaside course invariably brings out the best in him.

Out of the frame when looking burly on his reappearance here early last month the Blakeney gelding, a winner twice at Brighton and also at Goodwood last term, is considered back to somewhere near his best form of last year.

A second possible winner for Hastings Bass could be Lord Porchester's well thought of newcomer Bo-Peep. One of seven runners for Kempton's opener, the Larch Maiden Fillies Stakes, this chestnut Decoy Boy filly out of a smart half sister to Queen's Hussar in Picture, has been working well

At the closing end of the programme another short-priced two-year-old who could "go under" is Sparkling Moment. I suspect that Suzanne Kane's runner may find Sticky Fingers too sharp in the Kempton Maiden Auction Stakes.

KEMPTON

2.00—Bo-Peep**

2.30—Martineau

4.30—Sticky Fingers***

YARMOUTH

3.15—Norfolk Flight*

4.15—That's My Son

HAMILTON

7.35—Lifestyle

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ACCOUNTANCY APPOINTMENTS ARE CONTINUED ON FOLLOWING PAGES

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JOBS COLUMN

What we'd do well to learn from cavemen

BY MICHAEL DIXON

WHAT was it, do you think, that made our remote ancestors take up farming instead of continuing to live by hunting animals and gathering wild fruit?

The question, which evidently no one has yet answered satisfactorily, is highly relevant to one of the great problems of the present. For while the change to farming may have given the stability needed for the development of modern civilisations, it also apparently initiated something which now threatens that stability, especially in western-style democracies. The threat is the problem of employment.

Before the change, according to anthropological estimates, our predecessors could satisfy their needs by doing no more than about four hours of hunting or gathering a day. But the adoption of farming soon had work expanding until, for the majority, it filled most of the daylight available. And as the shift evidently left people hungrier despite their longer labour, it would seem to defy conventional economic explanation.

Since then, largely during the past century or so, the hours of work expected of the breadwinners in society have been reduced. But they still represent something approaching twice the average shift put in by the hunters and gatherers—and at that point, more or less, we have got ourselves stuck.

As was pointed out yesterday in the latest review the Manpower Services Commission, employers believe that they would not need large staff increases to cope with extra business resulting from economic recovery. Moreover, it is not full-time but part-time work which as well as being the major area of growth in employment at present, "acounts for most of the growth in employment in the last decade."

Nevertheless, it is still "full-time permanent work for an employer which is considered to be the norm." And most of us are clearly determined to cling on to that norm, in many instances regardless of the baleful effects on large numbers of our fellow citizens.

The probable outcome is something that the commission cannot predict, and might well not care to even if it could. It contents itself with observing, wisely, that a prime aim of manpower policy must be to provide the training systems needed by the country to ensure that shortages of working skills do not inhibit the adoption of microelectronics and other wondrous advances in technology.

But I do not think that the worsening problem of employment can be solved by training systems or any other of the bureaucratic structures beloved by governmental officials, or even by rational discussion of the pros and cons (which seem pretty well to balance one another) of job-sharing and the like. The only solution, to my mind, lies in a change in our attitudes towards work as radical in its way as the shift to farming those thousands of years ago.

I doubt that we need to go quite as far as to emulate the still existing hunters and gatherers of the Yir Yiront whose language has no words to distinguish work from play. But we do need to rethink our definition of "employment."

Wrong idea

For a start we need to get rid of the notion that employment is something we rightly expect to be provided for us by external organisations.

This notion, as far as I can see, has become dominant only over the past couple of hundred years during which we in industrialised countries have increasingly had available the organised employment permitted by mass-production and guaranteed markets at home and abroad. In consequence, perhaps, all but the few incurable entrepreneurs among us have been brought up with no appreciation of how much ingenuity and skill are needed if we are to make our own livings in the modern world.

The lack of that appreciation could be dangerous now it appears that western countries will be able to rely less and less for their living standards on easy markets for mass-produced goods. So we somehow need to stop thinking of being employed in terms of joining organisations, and to start thinking of it in terms of doing things, often new things, which other people will think worth paying for.

While we have been ceasing to view the aim of our paid work as the generation of worth, we appear to have developed another delusion. It is that the employment we have in some way naturally justifies our occupying a particular perch in the socio-economic pecking order. And lately we have increasingly come to see our entitlement to more or less estimable employment as being rightly determined by our youthful ranking by the largely impractical values of education.

Among the most privileged families in Britain, at least, this second delusion seems to have become widespread in only the past 50 years. Where, I wonder, have all the Bertie Woosters gone?

When the best prospect of generating extra wealth would look to be not more but less full-time continuous employment in large organisations, we could surely do few things more threatening to individual and social peace than continue to value people's whole lives primarily by the kind of paid employment they hold. Nor can I see any good reason why we need to do so.

Instead we could look at human needs from a different perspective—for instance, the one suggested by the American psychologist Abraham Maslow.

Roughly speaking, he postulated that human needs develop rather like a five storey building. The foundation is a layer of what he termed survival needs, which might be typified as "food, warmth, and shelter now."

Once those needs are being satisfied sufficiently to permit us to concentrate on other things, the foundation is safe to support a second storey. This consists of so-called security needs, or "food, warmth and shelter *tomorrow as well.*"

The satisfaction of both of these lowest levels would seem to depend essentially on our earning our living by economically productive work. But the same need not apply in the case of the three further levels of need which Maslow indicated people can go on to add when the two bottom layers are safely established.

The three upper storeys consist of needs respectively for acceptance by the society in which we live, beyond that for the esteem of our society, and beyond that a level—possibly never satisfied by most people—which Maslow called self-actualisation needs. By that, I think, he meant something like not only the necessity but also the psychological freedom to do one's own thing.

Clearly we need not, and in most cases cannot, rely for the fulfilment of the three higher needs on the paid employment available to us. But equally clearly we can satisfy them in other ways. There are plenty of examples of people's achieving social acceptance, esteem and on occasion their own thing by means other than the main employment which pays for their own and their dependents' keep.

So there is no good reason why we cannot generally adopt a saner view of the place of employment in our lives. And unless we do so soon, I fear, we are headed for the kind of social upheaval which also has a reflection in Maslow's theory.

For such upheaval could undermine the foundations of our security and even survival in which case, he thought, the whole civilised structure might well tumble down. Which brings us back to the prehistoric shift to farming.

Although no one knows for sure, the decision to make it may have arisen from the realisation by some group of hunter gatherers that unless they changed their entire view and way of life they were unlikely to survive as a society, if at all. It is to be hoped that, in similar circumstances, our more advanced society could do the same.

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Personal and career details shall be addressed to
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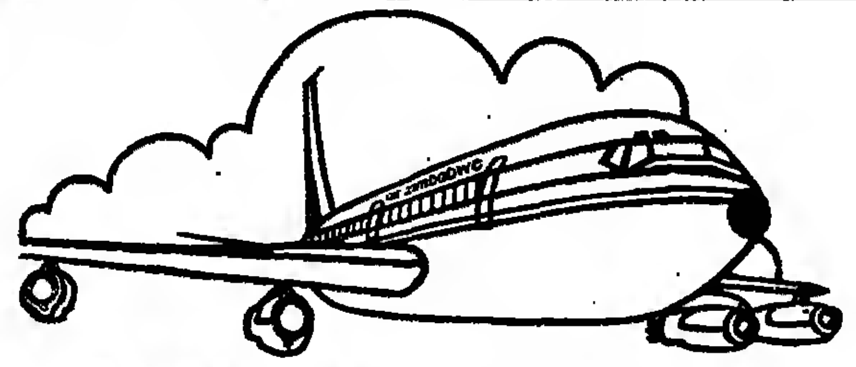

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UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1975=100); engineering orders (1975=100); retail sales volume (1978=100); retail sales value (1978=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1981							
2nd qtr.	99.3	89.1	92	104.7	134.5	2,482	89
3rd qtr.	100.2	90.0	104	105.5	139.1	2,641	96
4th qtr.	100.6	89.9	89	105.4	168.5	2,752	104
Nov	100.3	89.9	93	105.6	158.4	2,760	104
Dec	99.8	88.8	81	104.6	193.1	2,769	108
1982							
1st qtr.	100.4	89.5	96	106.6	141.3	2,817	112
Jan	99.9	88.5	91	107.0	143.9	2,812	112
Feb	100.5	89.9	101	106.1	137.6	2,818	113
March	100.8	90.0	96	106.6	142.3	2,822	111
April	101.0	89.7		105.9	146.1	2,850	110
May	102.6			105.8	145.4	2,872	107
June						2,911	108

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1975=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1981							
2nd qtr.	93.1	89.3	118.0	85.2	78.4	75.5	14.1
3rd qtr.	93.8	89.8	118.7	86.5	77.8	75.3	14.2
4th qtr.	93.3	90.0	121.3	86.4	82.3	75.5	11.6
Oct	94.0	90.0	123.0	87.0	84.0	76.0	13.2
Nov	93.0	90.0	121.0	86.0	82.0	76.0	13.8
Dec	93.0	90.0	120.0	87.0	81.0	75.0	7.8
1982							
1st qtr.	91.6	92.3	119.1	87.8	80.6	73.5	14.9
Jan	91.0	91.0	120.0	87.0	81.0	73.0	11.6
Feb	92.0	92.0	119.0	88.0	83.0	74.0	15.4
March	92.0	93.0	119.0	89.9	77.0	73.0	17.8
April	92.0	93.0	120.0	87.0	82.0	73.0	17.2
May							18.2

EXTERNAL TRADE—Indices of export and import volume (1975=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1975=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1981							
4th qtr.	132.4	126.4	+482	+1,357	+698	99.8	23.35
Sept	129.8	129.2	+ 58	+271	+291	99.6	23.70
Oct	135.5	122.2	+396	+688	+ 74	98.9	23.32
Nov	129.7	136.3	−229	+ 63	+205	100.1	23.48
Dec	130.0	120.6	+315	+606	+419	100.4	23.35
1982							
1st qtr.	125.4	123.1	+224	+553	+652	101.0	18.97
Jan	118.9	123.4	−152	− 42	+168	101.2	23.23
Feb	124.8	120.6	+154	+264	+270	100.6	23.37
March	132.8	125.2	+222	+331	+214	101.2	18.97
April	134.6	130.3	+196	+346	+419	101.0	18.16
May	132.9	135.6	−115	+ 35	+327	100.7	17.82
June							17.70

FINANCIAL—Money supply M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); domestic credit expansion (£m); building societies' net inflow; HP, new credit; all seasonally adjusted. Minimum lending rate (end period).

	M1 %	M3 %	Bank advances %	DCE £m	BS inflow	HP lending	MLR %
1981							
2nd qtr.	23.1	17.3	6.5	+4,036	1,103	1,984	12
3rd qtr.	8.1	18.1	29.7	+6,031	868	2,057	—
4th qtr.				+2,365	422	2,081	—
Sept	9.7	22.8	34.3	+2,622	334	772	—
Oct	− 4.7	20.2	24.0	+1,425	154	690	—
Nov	7.6	17.3	20.4	+ 460	65	684	—
Dec				+ 480	203	707	—
1982							
1st qtr.				+3,130	967	2,157	
Jan				+ 853	356	665	
Feb				+1,104	347	698	
March				+1,173	264	794	
April				+1,600	437	728	
May				+1,599	478	709	
June					429		

INFLATION—Indices of earnings (Jan 1975=100); basic materials and fuels, wholesale prices of manufactured products (1975=100); retail prices and food prices (1974=100); FT commodity index (July 1952=100); trade weighted value of sterling (1975=100).

	Earn-ings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1981							
2nd qtr.	202.2	225.8	219.4	294.0	277.0	245.07	97.8
3rd qtr.	209.9	235.9	224.1	299.1	278.8	260.83	90.6
4th qtr.	214.6	237.3	229.2	306.5	285.6	248.97	89.7
Nov	214.3	236.9	229.4	306.9	285.5	245.79	90.1
Dec	217.1	236.8	230.4	308.8	288.5	248.97	90.8
1982							
1st qtr.	216.9	238.0	234.3	311.6	297.7	242.40	91.1
2nd qtr.		239.5	238.2			233.46	90.3
Jan	214.1	238.9	232.9	310.6	296.1	252.94	91.1
Feb	217.0	239.9	234.4	310.7	297.2	241.77	91.5
March	219.7	235.4	235.5	313.4	299.8	242.40	90.8
April	219.6	238.7	237.0	319.7	302.6	246.84	90.0
May	222.4	237.2	238.3	322.0	305.6	237.39	89.9
June		242.7	239.2			233.46	91.1

* Not seasonally adjusted.

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BCCI .... 12 %
Bank Hapoalim BM ... 12 %
Bank of Ireland .... 12 %
Bank Leumi (UK) plc 12 %
Bank of Cyprus .... 12 %
Bank Street Sec. Ltd. 13½%
Bank of N.S.W. 12½%
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Banque du Rhone et de la Tamise S.A. 12½%
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Beneficial Trust Ltd. ... 13 %
Bremar Holdings Ltd. 13 %
Brit. Bank of Mid. East 12 %
■ Brown Shipley 12½%
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Castle Court Trust Ltd. 12½%
Cavendish G'ty T'st Ltd. 14 %
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MANAGEMENT: Marketing

EDITED BY CHRISTOPHER LORENZ

How to survive in the lion's den

Christian Tyler on Lansing Bagnall's success in the tough German market

ONE OF the first things the foreign owners did when they bought the factory was to fire half the labour force—mainly for drinking and brawling at work. It was an early sign of the new arrivals' determination to succeed against fierce native opposition in one of Europe's most difficult markets.

An American multinational in Scotland? Not a bit of it. This was a British engineering company setting up shop in the relatively easy-going South-West of the German Federal Republic. And its aim was to wrench market share from some 80 competitors, both domestic and foreign.

It was 16 years ago that Lansing Bagnall, the UK lift-truck manufacturer, decided it could no longer afford to ignore the plum Continental market: at times West Germany has accounted for almost half all European sales of electric trucks.

To-day, Lansing GmbH, with an 8,000 sq ft factory at Roxheim, in the Rhine valley, south-west of Heidelberg, is one of relatively few UK engineering companies to have put down its own roots in West Germany's rigorous industrial climate.

Lansing enjoys—if that is the word—a sort of symmetry with its biggest West German competitor, Jungheinrich. As reported on this page some weeks ago (May 13) Jungheinrich claims 9-10 per cent of the UK market for electric warehousing trucks which it imports through its Manchester-based marketing subsidiary. Lansing claims 7½ to 10 per cent of the West German market with products manufactured both at Roxheim and at Basingstoke, Hampshire. The two rivals have been operating in each other's markets for a similar number of years.

The difference is that Lansing took the manufacturing route, using Roxheim as a supply centre not only for West Germany but for other countries as well—including the UK. Of the 1,600 units produced annually at Roxheim (compared with a capacity of 10,000 at Basingstoke) 60ft are sold within the Federal Republic. And of the rest the biggest proportion—about 30 per cent—goes back to the UK.

There are nearly 10,000 Roxheim-built Lansing trucks out in the field now, or about a tenth of Lansing's world "population." The factory appears to be expanding, despite hard times, to produce small machines like floor trucks because the profit margin on shipments from the UK is very low—mainly, says Lansing, because of an unfavourable DM-Sterling exchange rate. But nearly all the big, high-value trucks sold from Roxheim are still being shipped over by trailer from Basingstoke and modified as necessary for the customers.

Sales from the German factory are worth about £20m a year, of which £11m are inside Germany itself, with parts and service accounting for a quarter of the total. Gross margins range from zero to 6 per cent on sales and the last accounts are expected to show a profit of under DM1m (£230,000) at current exchange rates).

Such are the bare statistics of Lansing's German operation. But how does the company contrive to hold on where others have tried and failed?

Tailor-made

Lift trucks are not complicated, nor are they susceptible to great engineering revolutions. But the competition is keen and the customers have become fussy. They demand, and get, tailor-made machines. The trucks have to fit the warehouses, not the other way round. As a result, one manufacturer can steal a big customer from another by introducing what may look to the outsider like a minor variant. A small turn of the spanner in one direction or the other can produce quite large swings in orders.

Nowhere is this so true as in West Germany. According to Lansing, the German market is more sensitive to quality and high specification than it is to price; or rather, German customers go for a higher "price - specification profile" than do British customers. They tend not to mind where or by whom a machine is made (although Lansing likes to make it clear when the machine is a Roxheim product) provided it stands up to the claims advanced for it.

It goes without saying that failure to deliver can be fatal to a customer's goodwill. You might, says Lansing, get away with your *force majeure* explanation once, but not twice. It is not good policy to say that a strike in the UK is responsible for the hold-up, even when that is true. The buck must come to rest with the person that the customer sees before him.

John Allenby, former airline pilot and keen offshore yachtsman, is the man who was charged with setting up the German operation. He is now one of Lansing's two managing directors. He says Britain still has a reputation for poor delivery and for inefficient supply of parts and service. To make matters worse some West German customers do not even know—or believe—that Britain has gone metric. Yet despite that, there is what Allenby calls "a strange pro-British feeling which means you always get a sympathetic hearing."

In the same way there are signs of emerging anti-Japanese feelings, a tendency not to buy Japanese when the "price-specification profiles" of Japanese and native goods converge. At all events, the Japanese share of the W. German electric truck market is thought to have declined from 15 per cent to around 12 per cent.

Lansing decided the best marketing strategy was to aim its products mainly at the big fleet buyers, particularly the automotive industry and the cold store business.

That strategy is dictated partly by Lansing's vulnerability to competition on prices and margins. Large customers will not baulk at paying a bit more for machines which can be counted on to run round the clock and which meet their exacting design specifications. It also made sense for a small company to focus on big industrial locations: apart from Roxheim, it has six service centres: in Hamburg, Hanover, Dortmund, Cologne, Stuttgart and Munich.

Roxheim's first customer was Jopa, a big ice-cream manufacturer in southern Germany. Then came Unilever—another cold store sale—followed by Opel and IBM ("our first eye-opener on German specifications"). The next big catch was Volkswagen, which now takes all its heavy trucks—three and a half tons and over—from Lansing. Other big customers include Bosch, Siemens, Procter and Gamble, the German Post Office, Dupont and ICI.

Bruno Kulick, head of Lansing's West German operation—native managerial skills with an understanding of the British mentality

Once gained, such customers still have to be fought for. Every time the client reviews his fleet the competition flocks back to bid for the title of preferred supplier. One may have cut his prices, another may have introduced a new model—perhaps aimed directly at that customer. In this game of leapfrog, Lansing loses as well as wins.

What does Lansing's experience in West Germany tell it about priorities for new entrants to the market? Allenby puts them in the following order:

First comes quality—which means, among other things, engineering at least to German standards. Roxheim does its own machining and welding of vital parts. It also makes the machine tools that its subcontractors will use to fabricate the less sensitive components. It means being familiar with the national technical standards, a barrier that is much easier to surmount, of course, if you are a local manufacturer and one of the club.

Second comes innovation. Lansing says it was able to offer two novelties when it started up: electronic controls as a standard feature, and a new product in the form of the narrow-aisle turret truck.

Third comes support. The national parts and service network, now computer-controlled, was put in place before the first truck left the factory.

Fourth is management. Allenby believes that getting the right head man can make the difference between success and failure. He needs to be "a first-rate German manager but able to live with the British mentality." Managers like that are hard to find. Lansing found Bruno Kulick. Some foreign ventures in Germany have folded when the boss has left.

"We were very fortunate. We got four key people," says Allenby. Among them was a chief designer who had worked once for Jungheinrich and who had a flair for modifying the UK-imported trucks for the local market. Another valuable acquisition was a "top salesman" from another competitor who approached Lansing even before it had started in business.

If getting the wrong manager is one recipe for failure then another is underestimating the investment required. "You need to invest on a scale that might feel like a sacrifice." Allenby said. "But remember you are going into the lion's den, the most competitive market for engineering products in Western Europe."

Which means, of course, no drinking at work.

ADVERTISING

Why agencies are up in arms about Channel Four

WHEN advertisers and agencies meet executives from Britain's Independent Television companies over the coffee cups next Tuesday, bridge-building may be the first item on the agenda. The advertising world has become increasingly nervous about the shape and form of the new Channel Four, and about its low public profile; "Channel What?" is the commonest gibe at a new service which relatively few people seem to realise is only four months away from launch.

Four main points have been bothering the agencies—the lack of a detailed programme schedule; the likely level of audience that Channel 4 will actually achieve; the way the audience will be researched; and the complex area of rate-cards and the way the channel is being sold.

While there is plenty of goodwill towards the new channel about its expected programme content, unfavourable comparisons are already being made with the way independent television's breakfast television service, TV-AM, is going about launching its service, now due on the air next February.

In particular, the agencies do not yet seem to have given up the fight for a single, centralised selling force for Channel 4, along the lines of TV-AM's. As it is, the new channel is operating a region-by-region system. Its budget is divided among the television companies in the form of subscriptions (in the first year this is confused by set-up borrowings and lowered subs). The companies then attempt to claw back, or exceed, their subscriptions through sales of ads in their own area.

One point which will be cleared up next week is the programme schedule. A general programme scheme has been available since February, but a certain amount of flesh will be put on the bones next week—none too soon for some people. But Sue Stoessl, head of marketing at Channel 4, defends the way things have been done. She makes the fair point that the channel could not afford to announce its plans too soon. "With 65 hours of new programmes it is hard to do more than we have done," she says.

A more fundamental concern is the level of audience the new channel will attract, and the length of time it will take to build up to the 10 per cent of potential audience of which most people believe it is capable.

"There is every reason to believe it will be a disaster to start off with," says Ted Bates' media director, Chris Horsley. He points out that it took BBC2 10 years to build up an 8 per cent market share, and that it is only since last year that it has enjoyed its current 11-12 per cent share.

Equally, ITV has never regained the 55 per cent of the audience which it was taking prior to its 1979 strike.

Horsley expects a market share of 3-4 per cent for Channel 4 in its first quarter and says this means "its commercial value will be fairly slight." But Sue Stoessl believes that the young and the "light" (occasional) viewer in particular will tune in very quickly.

The question of audience level ties in very closely with agency doubts over the very varied rates, differentials, packages and deals on offer from the different regional TV companies (known in the business as "contractors"). "They are making it a very tough medium to buy," says Mike Townsin, deputy chairman of Young and Rubicam. "Like all things in selling, the easier it is to buy the better. And they should be selling a new medium whereas in fact they are selling a low cost extension of ITV 1, and sometimes not even low cost. If they do this they will get what they deserve, a straight transfer of money from one channel to the other. Then they will make their selling conditional to make sure sums of money don't switch."

The stated aim, and hope, of the new channel is to encourage different advertisers to take advantage of this generally lower cost way of getting on to TV, and Sue Stoessl hopes that this will still happen. "We would like to see different sorts of advertisers coming in. The image of the channel is formed by all 60 minutes, and we would like to see distinctive advertising giving it a different look. We also think that in revenue terms it is essential to have new advertisers because the system needs new money, rather than spreading the existing money."

Certainly if new advertisers are not found, the cost of airtime will have to decline, since Channel 4 will increase the available airtime by 40 per cent, while advertising agency estimates suggest that it will only increase total ITV viewing time by 15 per cent.

Accusations of a lack of commitment on behalf of the contractors in selling Channel 4 are met by Sue Stoessl with the statement that things will be different after next week. Then, she says, the contractors will be seriously selling the autumn schedule where up to now they have been occupied with selling the summer.

And she in turn attacks the agencies for their much publicised doubts about the ability of the available viewing research to pick up the minority audiences Channel 4 is aiming to attract. "AGB has all the information that could be needed," she says. "People just don't use the BARB data which is available from AGB at present."

She refutes agency suggestions that the BARB (Broadcasters' Audience Research Board) panel is not large enough to give accurate readings of small demographic groups—nationally it covers 2,900 homes—and she promises that Channel 4 will be doing its own work on the BARB figures to help advertisers. "We are having a suite of programmes written to interpret the BARB data," she says, "and we will use the panel much more creatively than it is at present."

But for the moment the doubts remain. "They may be fooled by the fact that some money comes into Channel 4 in the autumn," says Chris Horsley, "but January and February will be the testing time."

Howard Sharman

TECHNOLOGY

EDITED BY ALAN CANE

Waste disposal

Sewerage problem

BRITAIN'S SEWERS, it seems, are beginning to feel the strain after more than 100 years of effluent. Many are severely corroded.

Repairing and replacing aged underground pipes present water authorities with a difficult problem because replacing the sewers which often lie under busy streets is a costly and disruptive task.

The Thames Water Authority decided to try lining a 119-year-old sewer in the Farringdon Street area of London with a sprayed foam insulation mainly used for roofs, rather than dig up the road.

The authority asked Grp-premier products of Maidstone to undertake the work. The company shotblasted the iron sewer, applied a primer and an epoxy coating. It then made glass reinforced plastic segments to line the walls small enough to be lowered through the 3 ft manholes.

The foam was used to fill the gap between the new lining and the prepared sewer to produce a stable pipe.

Welsh company Mixalloy looks set to make an impact on the metals industry **Robin Reeves** reports

Powder slurry to replace hot and cold rolling

RHYDYMWYN is the name of a village in Clwyd, North Wales, which can be translated as "metal ford." It makes a very appropriate location for the new company, Mixalloy, which has crossed the divide from one metal technology to another. It is developing a business which seems likely to make a big impact on the metals industry.

Gone are the massive hot and cold rolling departments and annealing ovens involving millions of pounds of investment. In their place is a modest production line using equipment which owes more to the paint blending, tobacco-rolling and paper-making industries than to steel and tinplate.

Mixalloy's business is the manufacture of strip metals and alloys from metal powder slurry rather than hot metal, using a technology which was developed by the British Steel Corporation just down the road at Shotton.

By the time BSC was ready to move on from the research and development stage to pilot production, the Corporation was hopelessly in the red and hardly in need of more strip steel capacity.

The Shotton plant still holds the unenviable record for the biggest number of redundancies to occur on a single site at any one time—more than 7,000 lost their jobs with the end of open-hearth iron- and steel-making at the Deeside works two years ago.

Among those who opted for redundancy cheques were Idwal Davies and Ed Jackson, both of whom had been working on the slurry project. They saw the opportunities it presented for manufacturing a whole range of strip metals and alloys, not just iron- and steel-based products. They linked up with Francis Smith, a retired BSC senior executive with good City links, and Lawton Page, who had worked on BSC's commercial side at both Shotton and tinplate divisions.

Minster Assets and UK Provident Insurance came up with £0.5m capital to launch the project, and Clwyd County Council provided additional financial help and found suitable premises on a private industrial estate at Rhydymwyn, near Mold.

BSC, for its part, agreed to give the company an exclusive world wide licence for the process. Mixalloy is permitted to produce every kind of strip by the slurry method except steel and to sub-license, in some instances.

It took nine months to build and commission the plant at Rhydymwyn. The first strip was sold in March and, last month, Mixalloy ran through its first order of more than a tonne. It is still in the process of assembling customers. So far, everything it has produced has gone abroad.

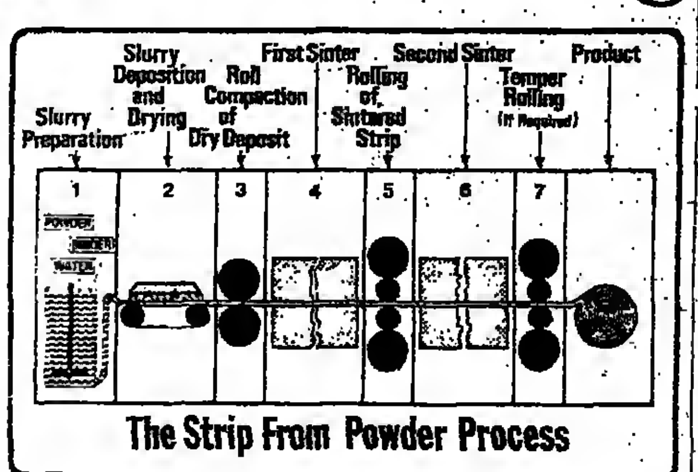
Provided a metal is available in powder form, Mixalloy can turn it into a metal or alloy strip up to 300 millimetres width, though there are plans to go a little wider in the near future. The basic process consists of mixing the metal powder or powders with a liquid cellulose binder to make a slurry, rolling this out in a continuous band and heating to evaporate the water.

This produces a self-supporting band of powdered metal which is then passed through a mill and a furnace, operating in an atmosphere of hydrogen to help bind the molecules together. The binder is burnt off in the furnace leaving a metal strip of 90 per cent density. Further rolling and a second furnace finish off the process to make a totally dense strip.

To the best of Mixalloy's and BSC's knowledge the slurry method is unique and being patented as such. The slurry can be prepared to produce a tight specification alloy or simply a pure metal strip.

The initial mixing of the slurry can guarantee a far better distribution of alloying agents than does molten metal and ingredients can be added which would not survive melting and/or hot rolling.

In the case of a single metal strip, the process can guarantee a higher purity end-product since there is no contamination from ladles and other equipment necessary for handling hot metal.



The Strip From Powder Process

From Mixalloy's point of view, the process is also extremely flexible. By changing the slurry mix, it can produce several batches of strip, of widely differing physical and chemical specifications, and varying quantities — all in the space of one day.

For the customer who has long been forced to buy a minimum of a tonne of his special alloy from conventional sources, Mixalloy is able to offer a few hundred grammes at a time, produced economically.

Mixalloy also insists that the process not only gives a thinner strip than is available via hot metal rolling, but also gives a gauge tolerance of 1 per cent — compared with at best 5 per cent by the normal production route.

Radio testing

Software package

THE TESTING of amplitude and frequency modulated transmitter/receivers is simplified, says Hewlett Packard, by the use of an instrumentation set-up called HP8955A, driven by a new, comprehensive software package.

The arrangement embraces the company's 8903A audio analyser, the 8901A modulation analyser for transmitter modulation measurements, the 8656A synthesised signal generator and the 436A power meter.

The operating system of the software employs an automatic program generator which links together the user-specified measurement routines into a storable program.

Diagnosis

Fault check

BICCOTEST of Cheshunt, Herts (0992 29011) has developed the T425, a digital pulse echo telephone cable fault locator which can store the test waveforms of a suspected fault and compare them, speeding up fault diagnosis.

There are 10 fault distance ranges from 50 metres to 15km and the problem can be pinpointed to within 10cm. Open and short circuits and several other conditions can be determined.

Geoffrey Charlish examines the Pitney Bowes system to make life easier for people in the post room

Remote meter resetting cuts time problem from 40 minutes

ALTHOUGH ONE of the most efficient ways of dealing with outgoing mail from any sizeable organisation is the franking machine/postage meter, such units have the drawback that, on expiry, they must be physically transported to a post office to have new credit programmed.

Pitney-Bowes — which claims to have 56 per cent of the £20m UK market in these machines — believes that the re-crediting process takes about 40 minutes on average and is a distinct inconvenience and time-waster in mail rooms.

So it has introduced RMRS — remote meter resetting system — which allows the job to be done by phoning a computer from the mail room. Re-crediting then takes about 90 seconds.

To operate RMRS, the user first inserts a multifrequency tone generator into the mouthpiece of the telephone, having the effect of allowing the postage meter to "talk to" the central computer by sending audible tones that represent numbers.

The user then rings the computer at the Pitney Bowes centre and will hear requests to key in certain data using a small hand-held keypad.

The instructions, generated electronically by the central computer, will tell the caller to enter an opening code, his account number, the meter number and the amounts of credit used and unused.

At the centre, the computer will then make data, security and funds checks, after which its voice unit will "speak" a reset code number which will allow the combination lock on the meter to be released and a set amount of credit to be added to the postage unused register.

The lock combination is different every time the system is used, to improve security.

Two models of the new meter are available, the 5388, with setting increments of £200 and the 5389 with £2,000 increments. Records of all the RMRS users' transactions are held on a £0.25m computer at Pitney Bowes' European headquarters in Harlow, Essex. All the hardware elements of the machine are duplicated so that if any single element fails its functions are automatically taken over by the duplicate without halting normal operations.

The arrangement gives a mean time between failures of some 58 years: there is essentially no risk of a user failing to get a credit update when needed.

Each of the users pre-pays funds for crediting his meter and, of course, the computer will only issue re-set codes if there are covering funds available. The computer also generates billing paperwork for each customer.

Pitney Bowes believes the new meter will encourage further use of what it regards as a beneficial system, emphasising that there are no stamps in the mail room to be lost or "borrowed," letter processing is very rapid, the frank identifies the sender and at the same time gives outgoing mail a more businesslike appearance.

Of the 27m letters that are posted every day in the UK, 46 per cent are franked already. But Pitney Bowes believes there is still much market scope among companies currently using pre-paid impression or are simply sticking on stamps.

Prime targets for the company will, therefore, be travel and holiday companies, government departments, schools, the retail industry, bank branches and local authorities.

The Pitney Bowes remote meter resetting system.

THE ARTS

Museum of Mankind

Antony Thorncroft

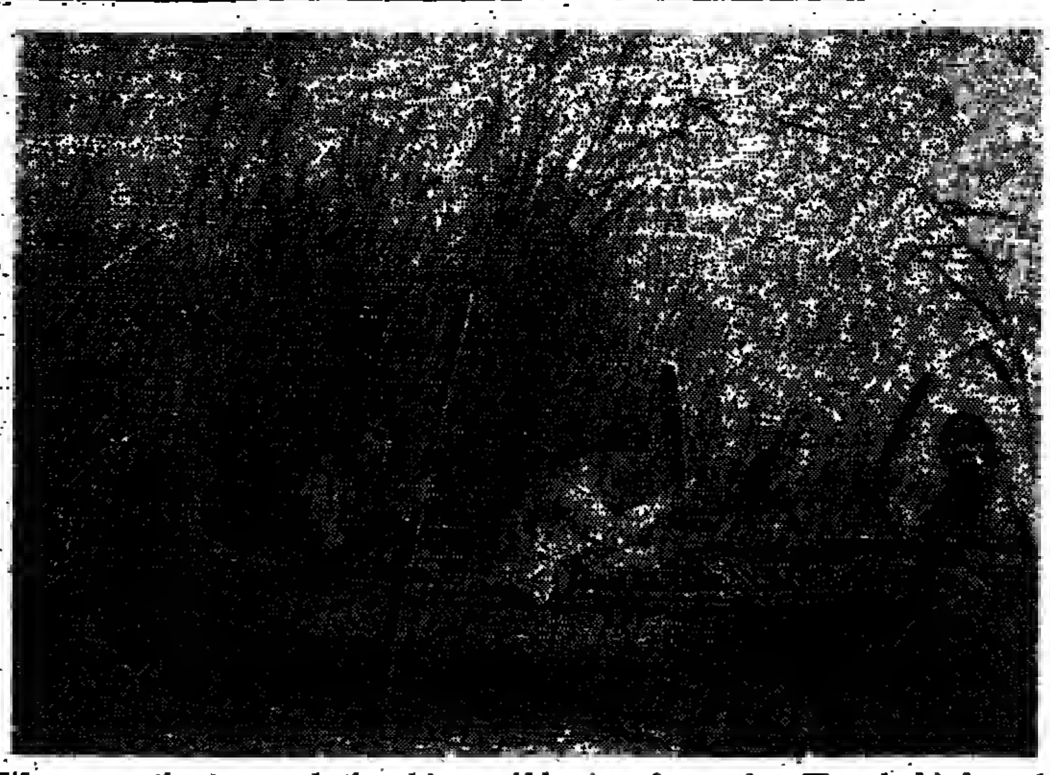
The Museum of Mankind, the British Museum's ethnographical off-spring which occupies a tucked away palace in Burlington Gardens, has a particularly strong spread of exhibitions at the moment. The impressive Gold of Asante continues, with its insights into the history of one of the most successful peoples of West Africa, and the Indian influx into London's cultural life this year is represented by the creation of an Indian village, which brings the subcontinent to life with much more force than any number of dancers and musicians. Now *Thunderbird and Lightning*, a room devoted to Indian life in Northeastern North America between 1600-1900, is open for investigation.

This small display covers a vast subject, both in time and area. The exhibits gathered together represent the items that interested European administrators, soldiers and explorers and may not be typical of the true concerns of the peoples; often the collectors did not document the goods they salvaged.

The exhibition offers an introductory taste to the first North American Indians to have their lives transformed by European settlers. They have not retained the glamour of the Indians of the Plains, who held off the white man until well into the 19th century, but the history of the League of the Iroquois, formed by five tribes in the 16th century, and the feud, exacerbated by the Europeans desire for furs, between the Iroquois and the Hurons deserve to be remembered.

There ere no startling artifacts on show, but numerous examples of excellent craftsmanship, especially in the cradles for children, the skin coats, and the moccasins, which apparently only lasted two weeks before being replaced.

Personal decoration and the development of the False-Face cult are covered as well as the importance of wampum—strings of shells which transmitted messages: white shells in belt form were a sign of peace, purple meant war. There is also a good display of smoking pipes, employed not so much for the pleasure of smoking but to please the spirits. Pipes which were also tomahawks, made in the 19th century, often in England, suggest another side to Indian life, but in the main the vast territory they roamed over, or farmed, kept the tribes in peaceful co-existence. There is a rather scarifying scalp but this display concentrates on the domestic crafts and transport, the houses and the religion, of these likeable Indians. Thunderbird was one of their spirits of the Upper World in control of fertility and rain; Lightning was the blow he struck to the spirits of the Under World.



Women gathering and threshing wild rice from the Thunderbird and Lightning exhibition

Pudding Lane/All Hallows

Michael Coveney

"T'was in Pudding Lane that it started, with a lad and a miss/ And the whole of London's burning for the price of a kiss." Taking its cue from the folksong, this cheerful but uninspired musical about the Great Fire (part of the City of London Festival) starts and stops with sentimental legend. Tourists will be thrilled to know that it was from the tower of All Hallows that Pepys wrote his diary account of the disaster.

The opening chorus assures us that, before the fire, London was lusty, dusty and gay. *Plus ça change*. . . And off we go into the jolly tale of Jack Oakley, baker's assistant, and his true love Jenny. But Jenny is also wooed by Lord George Darkfield and, on losing her, he enlists Jem Flashback and his gang to saddle Jack with the blame for the holocaust.

The production, by Christopher Biggins places the action on a raised square arena in the middle of the nave and works hard at combining an aroma of *Oliver!* and Shakespeare's Eastcheap scenes. The whole thing, in fact, could be moved without much loss to one of those Tudor steakhouses over-run by buxom wenches pouring coloured water into the customers' laps.

There is a transient charm to one or two of the songs by Robert Bowman and Tony Pole, but what lends the evening its peculiarly gruesome fascination is the presence of so many accomplished performers. Paddie O'Neil has a fine old time as the gargantuan hostess, Rosemary Ashe sings like an angel as Jenny; and there is a fine double act of Pepys and Sir John Evelyn from Alan Leith and Peter Durkin.

Steptoe's clarinet quintet/Wigmore

Andrew Clements

"In support of British music" was the motto on the back of the programme booklet for Tuesday's Wigmore Hall recital by the Bochmann String Quartet. Flying the flag on this occasion was Roger Steptoe (born 1953) whose clarinet quintet was receiving its first performance in London. Steptoe's music has been doing the rounds now for a number of years; his first string quartet was performed in 1977, and his opera for Charterhouse School, *The King of Macedon* was staged two years ago. His works, proclaimed the fulsome programme note, are "written within what one might call the mainstream of European music today."

This is not the place to go into what is the mainstream of European music, but it has never been the English tradition —the line of descent through Bax, Ireland and Bliss—that Steptoe has taken upon himself to inherit. If one feels unduly suspicious of crusades which bandy about jingoistic phrases like "British music," this clarinet quintet affirms all mistrust. The kind of neo-romanticism that suffuses Steptoe's work has a cloying anonymity, a lack of distinct melodic profile, that never makes a spectacle of itself but ambles along in self-satisfied insularity. The four movements play for 26 minutes, and were expertly played by the Bochmann Quartet and David Campbell as an easy, smooth clarinettist.

The Bochmann's programme also included a second, far more intriguing novelty, the piano quartet that William Walton wrote as a 16-year-old undergraduate at Christ Church, Oxford. The work has individuality stamped on each of its movements, though perhaps the telescoped, sonata form first is sometimes too elliptical in its statements, and the scherzo teems with ideas that hardly have an opportunity to make their mark. The finale is extraordinary; one had to keep reminding oneself that it was written by a schoolboy in 1919.

Art for the City

John Falding reports on a scheme to hang the walls of City offices with the works of promising artists

Each year about 1,000 trained and talented painters, printmakers and sculptors leave Britain's art colleges, many hoping to make a living from selling their work. It is an increasingly romantic notion. Commercial outlets are declining, the major galleries are committed to their stables of established artists, and newcomers are rarely equipped with the business skills needed to break through.

Traditionally, new artists have had to find a job—a teaching post if they are lucky—relegating their art to a hobby and giving the state a poor return on its investment of up to seven years training.

The problem occupied Keith Patrick one evening last winter as he stood at the window of his Whitechapel flat, contemplating his uncertain future as a painter, and the lights of the City.

He thought of the millions of square feet of empty office wall space, the constant stream of office workers passing them and the untapped opportunities for business sponsorship. He conceived City Arts Project. Patrick's idea was to lease or sell original works to offices throughout the City, providing promising artists with regular income and a wide audience.

The concept should appeal to the Arts Council and the Greater London Council which have both been approached for grant aid; and is in contrast to other ventures which simply supply prints or expensive work by household names. "If David Hockney wanted us to represent him we would have to turn him down," said Patrick. "We are dealing with artists who are going somewhere — not with those who have made it."

Martin Lilley, his partner in the project, described the sort of artist they intend to help. "They will be in their late 20s or early 30s and will have been through the educational mill, possibly with a master's degree. Despite a lack of formal recognition they will be continuing to paint or sculpt or draw, will be committed to being artists and will regard themselves as professionals. They will have had some work in mixed exhibitions and perhaps even a few one-man shows and they will be breaking new ground."

Patrick, aged 30, a former art teacher, is just finishing a degree course at Camberwell School of Arts and Crafts. Lilley, will be mainly concerned with the administrative side of the business.

The project is run with minimal overheads from studio D5 in the Metropolitan Wharf, Wapping Wall (01-481 4259) and was launched recently at the Metro '82 exhibition of artists working in the old warehouse. Wapping, with its 300-strong artists' colony and its convenience for the City, is an ideal location, although the partners cast their net wide, attending all final degree shows in London and such exhibitions as the Stowells Trophy and the ICA New Contemporaries in their search for emerging talent.

"The one thing we are not short of in this country is talent," said Patrick. "Britain has probably more artists of international reputation than anywhere else. What is lacking is a visual tradition. In New York offices they instal the Telex and the IBM and then say "right guys, what are we going to put on the walls?" Our objective is to generate incoma for artists by creating a greater degree of visual awareness in companies and corporations to open up a new market."

There is a limited amount of business sponsorship of the visual arts in Britain but it comes mainly from multinationals. Mobil's backing of Painters of the American West at the Mall Galleries, for instance.

It still lags far behind the considerable investment in the performing arts, despite the permanency of pictures and the realisation of all the usual benefits of sponsorship—the boost to company and product image and to customer and employee relations.

City Arts Project clients will be able to lease a work, with tax relief, for a weekly fee of 2 per cent of its value on a six- or 12-month basis. There is an option to renew the lease, to lease a new display, or to purchase. The artist, who continues to own the work, receives half the leasing fee or 75 per cent of any sales. The pictures are relatively inexpensive, averaging between £200 and £500, compared with those of the 400 artists retained by the major galleries whose commission of at least 40 per cent inflates prices.

"Ours is an alternative system where people can prove themselves without being one of the 400," said Petrick. "Naturally we hope our artists will eventually be taken up by the galleries. The value of their work will appreciate and it will make room for us to help others. In investment terms the works we handle will be good buys. If I had soma cash I'd start buying them."

The client chooses from colour slides or a comprehensive portfolio of high-quality colour photographs showing the style of each artist. "We will advise on the type of work appropriate to a particular setting," said Lilley. "We will know what the artist has in stock and will also know where to find pieces to meet any special requirement.

"We have selected 50 artists to begin with, because we thought that was the number we would be able to handle, but obviously we are in touch with a lot more." Among the 50 are newcomers such as Catrionna O'Sullivan, aged 22, who is still studying at Chelsea, and experienced artists such as John Copnall, aged 54, who has been painting in Spain for the past 13 years and who is now teaching at the Central School of Art. Mario Pubsky, at 39, is another with international experience, having worked in Rome and New York before coming to London. His work tended towards the abstract but is now returning to figurative. He teaches at the Royal College of Art.

Wapping-based Ken Oliver, aged 35, is beginning to make a considerable impression with his eight-feet square abstracts. His many exhibitions in England include a recent appearance in the John Moors exhibition and a one-man show at the Moira Kelly gallery, Islington.

"We are in touch with architects and interior designers and will work through them with companies who are moving or opening new buildings and with developers—as well as wearing out shoe leather taking our portfolio round," said Lilley.

Saleroom

A bracket clock by Ahasuerus Fromanteel, made in London in the early 1660s, sold for £54,000 at Chrisne's yesterday. It is one of the earliest pendulum clocks, following their invention in 1658. It was bought by Asprey, the London dealer.

Other high prices were the £23,760 for an ebonised striking bracket clock by Thomas Tompion and £19,440 for a similar by Joseph Knibb.

Record Review/A trio of pianists

Dominic Gill

Ravel: Gaspard de la nuit. Mussorgsky: Pictures at an Exhibition. Cécile Ousset. EMI ASD 4281.

Mozart: Piano concertos in C major K503 and D major K175. ECO/Perahia. CBS 37267.

Beethoven: Piano sonatas in E flat op.7 and B flat op.22. Murray Perahia. CBS 76995.

Schumann: Carnaval. op.9, Papillons op.2, Toccata op.7. Yuri Egorov. EMI ASD 4202.

Whatever neglect the distinguished French pianist Cécile Ousset may have suffered in England during the past ten years is decisively remedied this month: not only is she to be heard live at Bishopsgate Hall every lunchtime this week (a marathon crowned by a performance of the Saint-Saens concerto at Saturday's Prom), but July also sees the release of her latest record (and her first for EMI).

It is an auspicious debut. Miss Ousset's *Gaspard* in particular lives up in every detail to her memorable concert performance: both the faces of "Ondine"—the wild-eyed surge and the magical, sparkling calm —are caught, and held, with exhilirating precision. "Le Gibet" is an exemplary exercise in inspired economy, made without any attempt to superimpose a further "impressionistic" layer on the music: the true texture of the notes, calm and mysterious. "Scarbo" is a tour de force of fiery lights and charcoal shadows. Her account of Mussorgsky's *Pictures*, too, combines brilliance with an absolutely uncompromising clarity. No fast tempi for easy effect: every scene framed and coloured exactly, each element in balance. Splendid above all to hear two such powerful performances in which not a note is fudged, or a single gesture faked.

This is the first of Murray Perahia's continuing series of Mozart piano concertos to be digitally recorded, and the sound-quality is indeed notably clean and clear, without a whisper of tape-hiss—though the technique can still produce, to my ears, a curiously unreal separation of instrumental strands that is unlike anything ever experienced in the concert hall, and sometimes disconcerting. Perahia's K503—the Jupiter of piano concertos—is smoothly polished to a degree, intelligent, carefully worked. It lacks only that sense of spontaneous excitement and adventure which was so distinctive a mark of his early playing here ten years ago. The tone of voice is somehow too well-practised, too urbane, to catch the half-lights and ambiguities between the notes. It is not either the grandeur or the jubilance which is passed over, but the melting and the wistfulness that lie sometimes at their edge: and by such consistently fresh and sunny-faced illumination, even the grandeur is compromised. I admire this K503 greatly, but I do not love it much.

On the face of it, similarly, there is every ingredient in Perahia's performance on his new Beethoven disc of the E flat sonata op.7 that the music should need: lively dramatic impetus, vivid contrast, muscular rhythmic sense, lyrical breadth, and unfailing beauty of sound. What's missing, compared with interpretations far less generous even with those same ingredients than Perahia, is less easy to define. An element of searching, perhaps, under and through the notes of every bar: a "speaking" quality that is really only perceived by direct comparison—beside, for example, Schnabel's account of op.7, recorded in 1935 and therefore much inferior of sound-quality, and indeed far less "beautiful" in nearly every respect, Perahia's op.7 seems no more than a supremely pretty and graceful sketch.

I heard Yuri Egorov give an uneasy, fragmented account of Schumann's *Carnaval* at a recital in Edinburgh nearly a year ago; but his new record, made not long afterwards, belongs to another class entirety. Every listener has his own set of expectations and perspectives to bring to the many shifting scenes of this familiar music; no pianist gets *everything* right (I know of none who has ever perfectly captured the paradoxical, but quintessentially Schumannesque, combination in "Lettres dansantes" of *presto leggierissimo* with the tenderest and most intimate sentiment). But subjective exigencies apart, Egorov's is an unusually rewarding performance, assured, adroit, pungent and mercurial, without being (in the vulgar sense) the least bit fancy. There are splendid readings also, at once gracious and penetrating, of *Papillons* and the Toccata: I hope we hear all three in London soon. The recorded sound is clean, close and slightly plummy—which is to say, reassuringly more realistic than Unearthly Digital.

Ian Hobson/Goldsmiths' Hall

David Murray

It was muggy enough on Tuesday to discourage any pianist (perspiration on the ivories is a hazard insufficiently remarked). Mr Hobson never sounded discouraged, but efficient—mostly sensible tempi, fingers in good working order—and dull. Best things first: in three of Rakmaniov's op 23 Preludes he displayed a genuine flair for the idiom, despite a tendency to peck at big right-hand chords, and even made the piano sing a little. If the rhetoric of Liszt's 12th Hungarian Rhapsody emerged clipped by a stiff upper lip, all the treble fantastications whizzed and dazzled; those who don't demand a dash of devilment in the piece will have been delighted.

In three Rakhmaniov transcriptions, which should be comfortably within his range, Hobson sounded off-colour. The versions of the Minuet from Bizet's *L'Arlésienne* music and a Chaikovsky Lullaby wanted delicacy —decoration over-insistent, tunes under-pointed. The Mendelssohn Sherzo from the *Dream* must be immaculate; here it was too fast to be really articulate, and not articulate enough to sound excitingly fast. There was a strong sense of virtuoso equipment somehow maladjusted.

That bad made itself felt already in Schumann's F minor Sonata. The "Clara Wieck" variation - movement was thoughtfully developed, and even communicated some feeling; but the outer movements are meant to be full of magical piano sound, in their old-fashioned early-Romantic way, and they made glum listening. For long stretches Hobson's beat was quite mechanical, and then where some cumulative power is expected it would become loose and arbitrary. The charm of all the passage-work presupposes an even, liquid touch, and it was constantly bumpy. No pianissimo was quiet enough, no rising phrase bold enough: a fatally tepid performance. Haydn's sternly dramatic C minor Sonata of 1771 was by contrast crisp, tidy and absolutely cold.

The Pity of War/St Mary-le-Bow

Rosalind Carne

Wilfred Owen is surely the most loved of the First World War poets for, more than any other, he could draw his reader into the horror of the trenches. Yet even in his darkest moments he never loses a kind of innocence, a sense that such butchery must end, and that a finer, purer, world must follow. His brief life and sadly truncated output provide ideal material for a lunchtime performance, and Peter Florence evokes a nice confluence of terrible disillusion and evangelising fervour in this carefully edited programme.

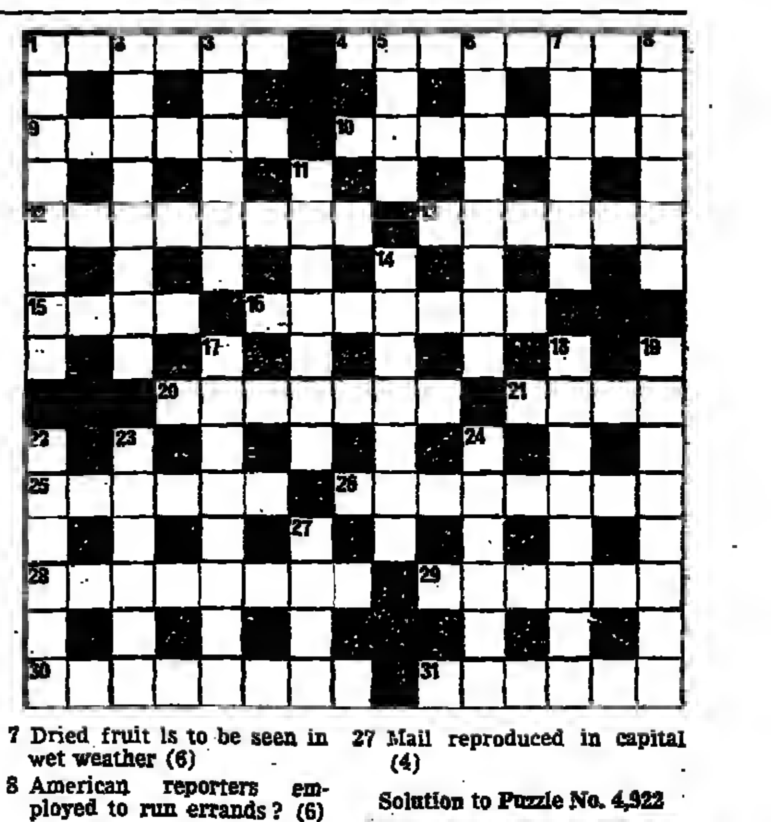
He makes good use of the harrowing, minutely descriptive letters home to Owen's beloved mother, indeed, better use than he does of the poems themselves. The prevailing sense is one of youth hurled into the muddy swamps of unbelievable horror. While the poetry both pictures and transcends the carnage, the prose keeps us on ground level and this is where Mr Florence remains. He looks and sounds very young, just as the poet would have done as he signed up for action in 1915, but he never quite convinces us of the genius which flowered on the battlefield. Nevertheless, it is a touching treatment, with unmistakable religious implications in the cold crypt of this beautiful Wren church.

When war broke out Owen was working as a tutor in France. The news seemed mildly depressing, a possible interruption to his future literary plans. We get a strong impression of the slightly immature young man, devoted to Keats, working out rhyme schemes and assonance in his first published poem, "Leaves murmuring by myriads in the shimmering trees." His decision to join up a year later rings with the enthusiasm of a boys' school sports day and as Mr Florence proudly buttons his uniform, like so many other eager young men of that time, he appears to be preparing for a mere game of soldiers.

The game continues in Tavistock Square, London, training for action with a sly scorn of passing civvies. Returning to France as an officer, manhood is thrust upon him fast, but it is hard to be entirely convinced by the transformation. Mr Florence acts the verse as he speaks, with energy, but tinged with a lightness that robs it of force. The narrative thrust of "The Sentry" and "Dulce Et Decorum Est" is consequently more successful than the meditative anguish of "Disabled" or "Mental Cases."

Yesterday's occasion was organised as part of the City of London Festival and the programme will be repeated at Buxton Festival Fringe, Bury St Edmunds and the Edinburgh Festival Fringe.

F.T. CROSSWORD PUZZLE No. 4,923



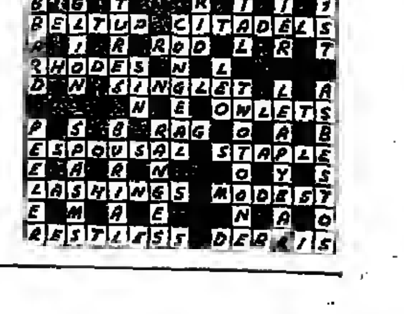
ACROSS

1 Every one in tow could be fat (6)
4 Material having a body (6)
9 Attack, and I've become confused (6)
10 An assortment of Chinese pottery with fish added (8)
12 Let in lively horse (6)
13 I must get into position for fish (6)
15 Drink a dram and squabble (4)
16 Worshipper I cause to enroll (7)
20 Trapped in a confused mass of seaweed and died (7)
21 A convict returning in festivity (4)
25 Forgive American associate getting on (6)
26 Analgesic contained in case from the south-east (8)
28 Little devil with lawful following that's signified (8)
29 Harmony from airman with string accompaniment (6)
30 Muslin the French put in checked material (8)
31 Inclined plane taking direction from aircraft (6)

DOWN

1 Follow the crowd at the back of a vehicle (4-4)
2 Plans in motion has to manoeuvre into a horizontal flight path (5,3)
3 Strange native—favoured by the punter? (4-2)
5 Leave out doctor turning up with it (4)
6 Boxer or another dog I record (8)
7 Dried fruit is to be seen in wet weather (6)
8 American reporters employed to run errands? (6)
11 Dressing musicians on time (7)
14 One who is resting on or under the rails (7)
17 Song in a divided state (8)
18 Carbon-copy having many features (8)
19 Fragrant plant from the French seller (8)
22 Race showing Pole on photograph (6)
23 Type of bass should feel right (6)
24 A portion to apportion (6)
27 Mail reproduced in capital (4)

Solution to Puzzle No. 4,922



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Thursday July 15 1982

Mexico's fall from grace

THE ELECTION of Sr Miguel de la Madrid a few days ago to the presidency of Mexico for a six-year term due to start on December 1 is e piece of good news. The character of the man himself and the way in which he was chosen must go some way to relieve the fears about the country's economic future which have been multiplying in the pest few months.

Miguel de la Madrid is a man who bas had a good deal of experience of the world outside the often claustrophobic and self-absorbed realm of Mexican domestic politics. He has lived and studied in the U.S. and he must know how his country's powerful northern neighbour works hetter than many of his political colleagues. He is committed to tackling the country's serious social problems; yet his time as a government planner has given him a sense of how far and how fast any Mexican ruler can go in putting his country to rights.

He is pledged to clean up the corruption thet is one of the ngliest and most wasteful aspects of Mexican public life. The way in which he was elected on July 4 also offers a glimmer of promise for the political future of Mexico. For more than half a century the al-powerful Perty of the Institutional Revolution has grown fat and complacent on the spoils of power.

Confounded

In this year's election the opposition to the PRI was given a chence of expressing itself in a more genuine fashion than in previous polls. The parties of the left did not do as well as expected while the right-wing Party of National Action polled more than 3m votes, or 14 per cent of the total cast, and thus confounded the pundits who had forecast that its support would wither.

Though the Mexican electoral process is very far from being perfect, politics in Mexico are at last showing signs of a much needed evolution and a capacity to reflect what Mexicans want rather than, as heretofore, what the PRI thought they should want.

During the presidency of the present incumbent, President José López Portillo, Mexico bas gone from boom to near hust. The fierce hopes that Mexico could exploit its oil wealth so as to produce sustained growth rates of 10 per cent a year, which President López Portillo entertained in 1976 at the start of his term, have been dashed by the world recession and a contraction in the oil market. Mexico is consequently trying to deal not just with those chronic problems of underdevelopment with which it is all too familiar but also the disillusioned tens of millions of people whose expectations had been whetted by thoughts of an oil boom.

Burden

To these headaches have been added the traume of a foreign debt which has grown rapidly and unmanageably to around $75bn as government and business have mortgaged their future for immediate cash. The effort of servicing this debt burden is clearly taxing the authorities in Mexico City to the utmost.

As President López Portillo and his ministers wrestle with their problems in the concluding months of their administration they have been receiving much quiet assistance from the industrialised West. Washington and Wall Street in particular have been very conscious that the advent of economic and financial turmoil to Mexico would favour no one's interests. The U.S. administration wants a southern border that continues to be peaceful and bankers want to see a return on their money with the fewest possible complications.

In the testing months ahead Mexico will be seeking to stave off its cash flow difficulties. Its willingness to issue a Eurodollar bond at the record interest rate of 18¼ per cent this month shows how much it is having to pay in order to do so. As Mexico seeks new money it is taking measures to restrain domestic demand, cut growth rates and allow the peso to sink to a reasonable parity with the dollar. There are suggestions that Mexico may soon have to seek the aid of the International Monetary Fund and this may in all the circumstances be the wisest thing to do. Whether it does or not, Mexico must clearly pursue a course of greater financial prudence. Such a course will demand much of the outgoing Lopez Portillo administration in the last months of the presidential term. But if a prudent path is followed by the present Government and continued by the new one, Mexico will deserve a measure of understanding from the international financial community.

Banks and their hidden reserves

IF MERCHANT banks and other financial institutions are to enjoy continuing exemption from the 1948 Companies Act requirement to show a true snd fair view in their annual accounts they will heve to put forward a mighty powerful case. That was the tenor of remarks made yesterday by Dr Gerard Vaughan, Minister for Consumer Affairs, on the subject of a draft EEC directive on bank accounts. Dr Vaughan was not enunciating a change in policy, but he was dropping a hint on the direction of the Government's thinking. And that direction is in our view, a healthy one.

Three arguments are usually put forward in defence of disguising true profitability through the maintenance of hidden reserves. First, it is said that a failure to smooth profits would mislead people as to the underlying profitability of the business. Then there is the assertion that disclosure of the real results might adversely affect confidence of both depositors and shareholders. And finally it has been argued that to prohibit the maintenance of hidden reserves would put British banks at a disadvantage to those foreign banks whose regulatory authorities adopt a more relaxed view on disclosure.

Reluctant

The case for smoothing tends to crumble on the basis of a cursory examination of the back pages of this newspaper. Nearly all the discount houses, which are the chief beneficiaries of exemption along with the merchant banks, sport a dividend yield well above the average yield on the all-share index. So, too, do some of Britain's most distinguished merchant banks, though not to the same degree. What that indicates is that the stock market already takes a fairly jaundiced view of the quality of their earnings

The argument about confidence is more important and has added topicality in the light of the solvency problems that now affect the international banking system. But it is also somewhat academic in the narrow context of the British banking system. The Bank of England bas always been reluctant to allow discount houses to go to the wall

To some extent the same is true of merchant banks. The status of the accepting houses remains beyond question. And for those who do not enjoy that status there is unlikely to be mucb protection in non-disclosure. In a financial crisis depositors assess the creditworthiness of banks by reference to the degree of support they can expect from governments, central banks and shareholders.

Pressure

On competition between British and foreign banks, the debate moves on to more difficult territory. No one could claim that the U.S. banks, which do disclose true profits, have suffered as a result. But it is just conceivable that the British clearing banks, which abandoned hidden reserves in 1970, might have been subject to marginally less pressure from governments anxiously seeking to drum up tax revenue if profits had been more ruthlessly disguised. Yet it is surely undesirable that the Government should make important decisions on fiscal policy on the basis of misleading figures. And the high relative profitability of the British banks in the international system partly explains why the British are regarded as among the least suspect in the present crisis.

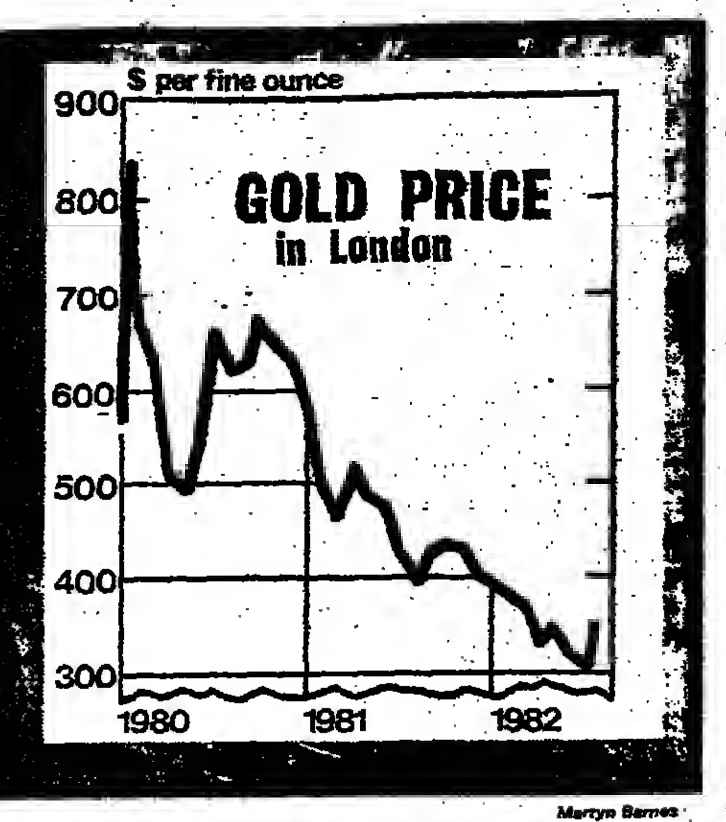
The positive case for full disclosure is that it makes for more efficiency and financial discipline. The natural tendency of bankers to measure their performance by increases in loan volume and balance sheet footings needs to be tempered by a sharp awareness of risk and pressure from a well-informed capital market. The point applies as much to the other grey areas of bank accounting such as the treatment of bad and doubtful debts as to hidden reserves. If provisions against loans to Poland, Romania and the rest had been more realistic, the plight of these countries would be less worrying than it is today.

The danger in allowing bankers to fiddle the figures is that they end up deceiving themselves as well as the rest of us at high cost to their shareholders and the community. Hidden reserves must go.

SOUTH AFRICA'S GOLD MINES

Relief, but the doubts remain

By J. D. F. Jones in Johannesburg



Martyn Barnes

THE gold mine called West Driefontein, 40 miles west of Johannesburg, has been having a dramatic few weeks.

First, the gold price plummetted below $300 at the end of last month, and there was alarm in downtown Johannesburg.

With that news barely digested, mine managers were shaken again when the black miners in their bachelor compounds at West Driefontein took exception to a 12 per cent pay rise — an attempt by the mining houses to keep down their soaring wage costs at a time of such a weak gold market — and rioted, leaving four killed and a thousand workers dismissed and sent home.

Even before those disturbances had subsided, West Driefontein was facing the threat of a strike by its white miners, along with their their colleagues in the rest of the industry, in protest at a 9 per cent pay offer. Only after the intervention of a senior Cabinet Minister did the Chamber of Mines capitulate, and offer 12 per cent — giving another sharp twist to the rising cost of mining.

Then suddenly last week, the gold price jumped back into the $340s, and by last night had risen to $349.5 on the London market. South African headlines are full of ecstatic relief, all the stronger because the recovery has been unexpected. Was Mafeking relieved? Could it be possible that the gold price had bottomed out, after so many months of gloom and pessimism?

Any such hope is undoubtedly premature, but the recovery does offer the prospect of a welcome respite to the likes of West Driefontein, owned by Gold Fields of South Africa (GFSA).

The point about West Driefontein is that it is very rich, and very big, and its working costs are among the lowest in the Republic. It is one of the cluster of mines adjoining Carletonville, named after the GFSA executive who staked his career in the 1930s on his conviction that the Reef extended westwards, and downward, from Johannesburg.

West and East Driefontein, which are coupled in the Gold Fields of South Africa accounts as Driefontein Consolidated, together produce more than one-and-a-half times as much gold as any other *country* in the world, excluding the Soviet Union—and they are only two mines in a country which produces about 650 tons a year, nearly 70 per cent of the free world total. Yet even here, in this most-favoured example, the latest figures illustrate the difficulties of South Africa's most important industry: the other mining houses will be announcing their quarterly figures in the course of this month, and some of them are going to make alarming reading, even if the gold price manages to hold its latest revival.

For the sake of the visitor from Mars, the gold price peaked at $850 in January 1980. Its descent since then has been remarkable and scarcely stayed by the sort of Middle East war and South Atlantic venture which once upon a time could be relied upon to put the market in a frenzy. The average price in 1981 had come back to $458. So far this year it has been averaging $346. On June 21 it touched $296.75.

The detail of all this deeply preoccupies South Africans for reasons that unite the (largely English) mining houses end the Afrikaner National Party Government: gold is the engine of South African prosperity, end the overwhelmingly largest source of tax revenue for the state exchequer.

Some of the troubles that have been afflicting West Driefontein are probably ended: the black riots were large eoough to be significant but they do not seem to heve been inspired by a more political reason than that some men were unhappy about the pay award (when other houses such as Anglo American were proposing to pay nearer 16 per cent). The white miners have shown their muscle and the Government has been reminded that it needs to contain the drift of white voters to the new breakaway end extreme right-wing Conservative Party, which is particularly strongly in the Transvaal. But the other problems are not going to go away so soon.

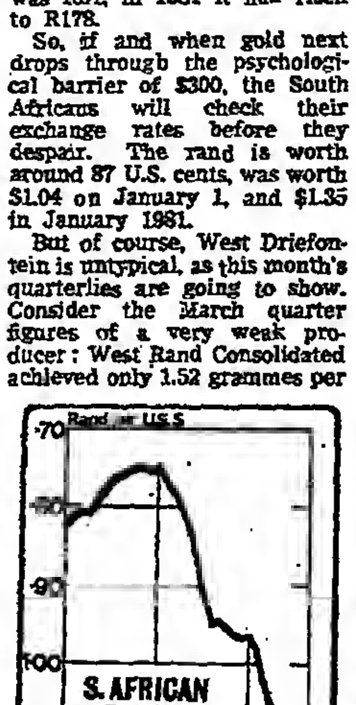
In one sentence, the gold price has plunged, with a range of national implications, while mining costs continue to soar: the silver lining has been the deliberately permitted descent of the Rand.

The mine managers sell their gold to the Reserve Bank via the Rand Refinery, at the price averaging the London afternoon fixing of delivery day, and that of the following morning. But of course, that price is effectively—for them—denominated not in dollars but in Rand. This is why the Reserve Bank's willingness to allow the Rand to depreciate has been fundamental to the mines' ability to cope with the slashing of the international price of their product.

The figures make the point very quickly. In West Driefontein, ooe of the best operations, the latest quarterly figures for April-June show that at a time when the revenue price was falling from $371 to $333, the mine was getting R358 per ounce — thanks to the changed parity — compared with the previous quarters' R366, a much less difficult handicap for management than might at first appear. At the industry wide level, the average cost of producing an ounce of gold in 1976 was R64, in 1981 it had risen to R178.

So, if and when gold next drops through the psychological barrier of $300, the South Africans will check their exchange rates before they despair. The rand is worth around 87 U.S. cents, was worth $1.04 on January 1, and $1.35 in January 1981.

But of course, West Driefontein is untypical, as this month's quarterlies are going to show. Consider the March quarter figures of a very weak producer: West Rand Consolidated achieved only 1.52 grammes per ton milled compared with West Driefontein's 14.17, working costs were running at R17,562 per kilogramme of gold (say, R546 per ounce). There is no way the exchange rate can save West Rand Consolidated, and last month the owners announced that Government assistance was to be withdrawn, 3,400 men were to be laid off, aod it can be assumed that the mine will die, barring a dramatic recovery in the gold price.



West Rand Consolidated and West Driefontein are two extremes. Between them lie another 32 members of the Chamber of Mines, suffering various degrees of anxiety.

The exact caculations are difficult because "working costs," as revealed in this month's results, will depend importantly on the inflation factor and also on the degree to which capital expenditure has already been cut back. It is suggested by the Chamber that 13 mines are unable to cover costs at $300 and that balf a dozen of them are taking Government assistance but the Rand is still moving down and—the detail are not yet clear—capital expenditure is being heavily curtailed.

Still, the mangers have some cards up their sleeves.

● They can adjust their ore ratios. Traditionally, they mioe low-grade ore when the price is high, and vice versa. This is a text-book statement which is not necessarily easy to follow in practice

● They can defer capital projects—in 1981 the industry spent R1.2bo under this heading. Already there have been some significant cutbacks. For instance, a R350m new shaft system at ERPM planned on the asumption of a $600 gold price has been postponed. But some mines have to go through with capital spending if they are to have any sort of future.

● They can look to Pretoria for "Government asistance" under the complex formula administered by the Government mining engineer to help marginal mines through temporary difficulties.

● They can cut their running costs—but labour accounts for one-half of the mines' costs. The price of this mooth's settlement, with both the 450,000 blacks and the 22,000 whites, has not yet shown up in the figures, nor will it do so until the third quarters, when everyone knows the inflation factor will be substantial.

Meanwhile GFSA's latest results show a 6.9 per cent increase in working costs at East Driefontein (i.e. 27.6 per cent annualised), 4.6 per cent at West Driefontein, 7.1 per cent at Doornfontein and so on: considerably faster than the rate of inflation.

This is the area where there ia the greatest concern. South Africa's inflation is running at 16.5 per cent. The white miners have just exacted a 12 per cent wage increase, which was granted them for essentially political reasons. The black miners have been given 11-12 per cent on the minimum rates hy the Chamber

Interestingly, three of the six mining houses, Anglo American, J.C.I. and Rand Mines, publicly disagreed with this Chamber award aod have given an average 16 per cent. The mining houses agree that in the longer run black skills and also terms of employment must be improved so as to take over many of tbose 22,000 white jobs

The London fixing would not loom so large in South Africa if it simply concerned a group of the country's biggest private corporations. Nor even if the fortunes of the industry were the making, and the unmaking, of a host of associated industrial suppliers (the direct spin-off of the present problems into South African secondary industry at this moment scarcely needs description).

The vital extra dimension is the role the gold price plays in the Republic's national economy. This works at two levels: the Exchequer, and the current account of the balance of payments. Both of these areas are now demonstrating how severely the international recession has at last arrived in South Africa.

In the area of government expenditure, for example, ability to finance the apartheid system (involving as it does a major defence budget on top of the social engineering costs of separate development in its many aspects) is bound to be affected by any weakening in the contribution of "tax and lease payments," as they are summarised, from the gold mines. In 1981 these amounted to nearly 20 per cent of government revenue (excluding borrowings). Put in another way, in 1980-81 the Government received R3.6bn (£1.8bn) from the industry, in 1981-82, R2.2bn. This year only R0.96bn is forecast.

Turning to the balance of payments, the situation is equally dramatic. South Africa is so far this year running an annualised deficit on current account of R6.7bn — which deserves to be compared with a surplus of R2.8bn in 1980. The problem is that the world hesitates to buy South African exports (that is, mainly minerals) while it is still in recession, whereas South Africa, where the recessional traditionally arrives late, bas continued to devour imports.

The willingness of the authorities to let the Rand depreciate is scarcely yet beginning to hobble those imports, while exports still refuse to pick up—notably gold, of course, which represents one-half of the nation's export earnings.

This has happened at a time when the gold price hovers just above $352 at a rand rate of 86-87 U.S. cents. But as every North Johannesburg dinner party is debating—what if this week's recovery above $350 is a freak? What if, as many experts still believe, the price is going to test 300 again. After all there are professionals (though they have been quiet this week) who believe that a price of $250-280 is possible. One of the consequences would be that the rand would certainly carry on down.

Still, at $250 and at whatever exchange rate, a lot more mines would be facing trouble: the detailed analysis depends on what the quarterly results later this month are going to show. The wider national implications would also become inescapable.

So we sit here in South Africa, waiting and watching—on our monitor screens or in our evening papers—to see what the world has decided the price of gold is to be for the next few hours. There is nothing we can do about it. South Africa is not a master of its own destiny. For a Calvinist state, there may be something appropriate about that.

The return on average assets at the InterFirst Bank, Dallas, is 1.17, and not as stated in a table on this page on Monday.

Men & Matters

Tax return

And how does Sir Robin Ibbs—now back at Imperial Chemical Indnstries after two years as head of the Government "Think Tank" — feel about theoutcome of the Commons debate on tax concessions for certain petrochemical raw materials?

The tax concessions, that is, on North Sea gases going to ICI's rivals, Shell, Esso and British Petroleum, which have provoked the Millbank giant into suing the Government.

Perhaps wisely Ibbs, who only left Margaret Thatcher's side in April and now heads ICI's external relations, did not attend the debate himself. It ended in the defeat of the ICI-inspired amendment to withdraw the concessions by 299 votes to 174. And it was hardly scintillating.

Honorable members struggled through highly technical briefs—and largely settled for an argument about the relative merits of ICI-provided jobs on Teesside and its competitors' employment figures in Scotland.

The most riveting moment with provided by Ted Leadbitter, Labour MP for Hartlepool, who threatened to speak for an hour unless everyone kept quiet. The did.

Ibbs did not seem unduly surprised by the vote when I spoke to him yesterday. But how come he had not managed to swing things ICI's way long before the issue reached the Commons' lobbies? Before, indeed, the fertiliser—another of his responsibilities—hit the fan?

What about the friends he must have made in Whitehall?

"I regard this as a technical dispute and therefore not one that cuts across friendships in Whitehall," he said—having carefully established that the tax concessions question had not been considered by the "Think Tank" while he was there.

"I knew the Whitehall people anyway, before I went," he added. "After my two years' secondment, I just knew them better than I would otherwise have done."

Ibbs mused a little. "It's a two-edged sword, you know. They know me hetter now. The advantage may be more to them than to me."

He paused. "I don't think so, of course. But *it* may."

Market place

Britain has not provided the EEC with many "institutions"—and one of those is about to disappear with the retirement after nearly 10 years' service with the Council of Ministers of Kenneth Christofas.

A former Foreign and Commonwealth Office diplomat, Christofas has been one of the top directors-general of the Council secretariat ever since Britain joined the Community in 1973.

He was deputy head of the British delegation to Brussels for four years before that and his European experience dates hack to the negotiations which ended in Britain's refusal to join the European Coal and Steel Community in 1951.

Christofas's diminutive, portly figure has been a familiar presence at most of the 500 or so meetings of the Council which have droned on during his time in Brussels.

He is well known, too, to the cabin crews of the Friday evening Brussels - London flight, since his was a resolutely Monday-Friday life in the Community's capital.

Browned off

It is a long time since Lord George-Brown made a political splash. But he can still spread a few disturbing ripples as be showed in the Lords on Tuesday night.

From his seat on the crossbenches—"I stay there because I don't like the idea of retiring to the backbenches"—George-Brown, speaking as e 50-year-member of the transport workers' union, declared the Tory Employment Bill "too weak. . . it doesn't go far enough."

He rounded oo the Social Democrat leader, his former Labour Cabinet colleague Lord Aylestooe and told him "we in the SDP" were shocked that he was not going to support the principle of compulsory strike ballots.

A fully-peid up party member, George-Brown told me yesterday: "I like to think I was in the SDP at least three years before it was formed. But I'm an independent SDPeer."

Aylestone's wounds, however, were nothing to the scars George-Brown left on Labour's academic peers, the Lords McCarthy and Wedderburn.

Even some Tory lords considered the former Foreign Secretary ruffled the dignity of the House as he referred throughout to Wedderburn, Cassel Professor of Commercial Law at the London School of Economics, as "the noble polytechnic lecturer."

On the wall

Michael Way, who left the managing director's seat at Dyno-Rod after successfully turning the drain-cleaning franchise into a multi-million pound turnover business, now hopes to show how to make money when the writing is on the wall.

In his new role as a consultant he is advising ICC Oil Services on the creation of e national franchise operation for its new mini-water-jet blasting system.

The Hydrair unit claims to be unique in the way it mixes water and sand and forces it out at low pressure to clean a variety of surfaces. Unlike other techniques, mainly involving chemicals or dry sand-blasting, it is said to be easier to operate, and without the technical and environmental disadvantages of its competitors.

Its ability to remove graffiti is a major selling point and there is certainly plenty of that in Belfast where the first franchise deal has just heen agreed and the local housing authority has adopted the system.

Once a UK network is underway the company will turn its eyes to the U.S. And perhaps to a joint venture with Mr Kilroy?

Chatty

Living in a stately home does have disadvantages, as the Duchess of Devonshire said at the Foyle's lunch—the 500th of those literary gatherings—yesterday to celebrate her book, "The House: A Portrait of Chatsworth."

With 175 rooms, 24 bathrooms, 53 loos and getting on for a mile of corridors, things are always getting lost, she said. "I pnt my bag down once and could not find it again for three months."

On the other hand, there are rewards. She once opened e drawer in one of the remoter parts of the house to find a Women's Institute programme for 1932, e crystal wireless set and two quite valuable paintings.

Having only spent two days at school in her life, she confessed she hated reading books. So did her father the Mitford père Lord Redesdale. "The only book he ever read was one called White Fang. It was so good, he said, he saw no point in reading others."

Digested

Two Soho cockroaches were chewing away at a reel of celluloid which they had found in a Wardour Street dustbin. "I'm enjoying this," said one of them. "Me too," replied the other. "But I liked the book better."

Observer

ECONOMIC VIEWPOINT

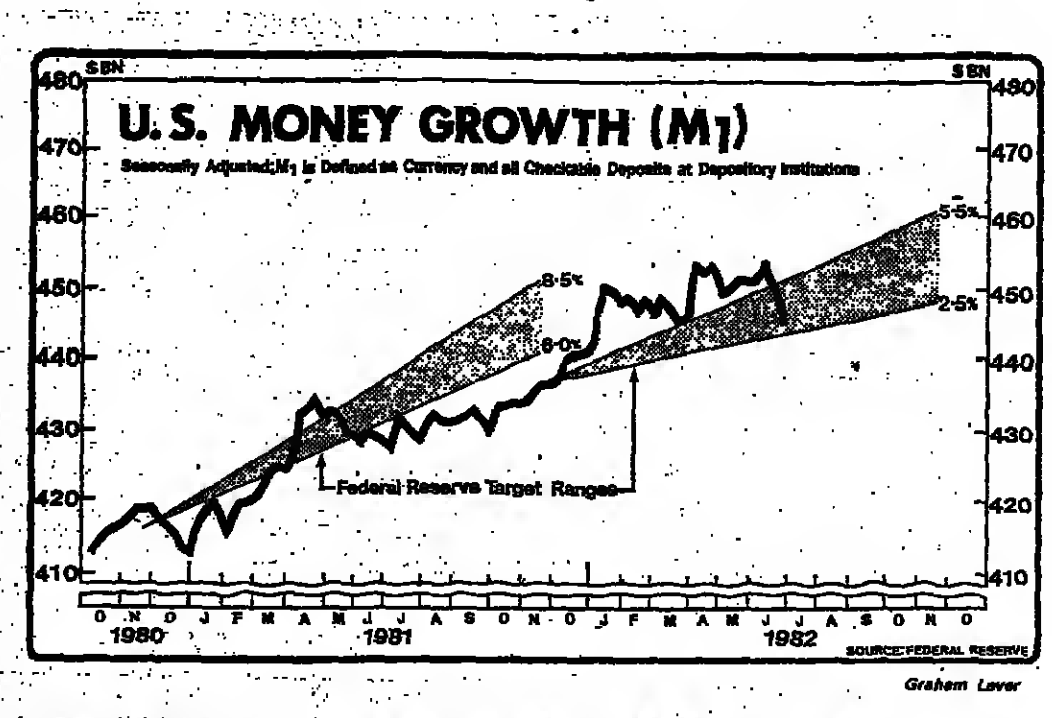
New signals from the Fed

By Samuel Brittan

ONCE UPON A TIME it was useful to look at what was going on in the U.S. as a guide to what was likely to happen in the UK a few years later. Nowadays the reverse is often true. What happens in Britain will sooner or later turn up in America as well.

For two whole years, 1980-81 and 1981-82, the British money supply was running well ahead of the official target. Yet there were all the signs—good and bad — ranging from a high exchange rate to domestic recession, of very tight money. The Government eventually tolerated a monetary overshoot and left it to the Budget Red Book to explain away technically what it was doing and to show how the "thrust" of monetary policy was unimpaired.

Now a similar phenomenon has occurred in the U.S. In 1981 and the first half of 1982 monetary targets have been observed. But there is strong evidence that the monetary squeeze is tighter than intended. Real interest rates, both short and long, are around 8 per cent. The second dip in the W-shaped recession of 1980-82 has lasted longer and gone deeper than expected; but inflation has fallen faster and the dollar has risen higher. Although an upturn has probably started, it looks much milder than the Administration originally hoped to see. According to one authoritative estimate, the rise in the dollar will reduce U.S. real GDP by 1½ per cent below what it would otherwise be in 1983.



Graham Laver

A threat to drive off the cliff unless the politicians step back

A key piece of evidence is that total cash spending, measured by Money GDP, is rising at a snail's pace. According to the OECD, its rise in 1982 will be only 4½ per cent—only a little more than the long-term *real* growth rate of the U.S. economy. It is expected to recover in 1983, but this remains problematic. More physical signs of unintentionally tight monetary policy are to be found in the slump in construction and in the "non-performing" assets which banks have on their hands.

Indeed, the signs that not all U.S. banks are exactly *in the pink* of condition have probably had more impact on the Fed's gut reactions than all the other economic indicators put together. The Fed's special responsibility for the banking system is helping to tilt the balance towards relaxation.

We still do not know what happened at last week's meeting of the Federal Reserve Open Market Committee; but money *market movements suggest* that a very limited easing has *already* begun. *More clues will* come next Tuesday when Mr Paul Volcker, the Fed chairman, appears before a Congressional committee, to state monetary objectives for the remainder of this year and provisional ones for 1983.

There is also a political consideration. The Fed has been deliberately erring on the tight side in its monetary policy because of alarm at the prospects for the Budget deficit. It has wanted to demonstrate that it will not bail out Congress and the Administration from the effects of their fiscal irresponsibility. It has not merely used tight money to offset fiscal laxity, but to more than offset it. In other words, it has produced a monetary-fiscal mix different from what it really considered optimal, as an incentive to the politicians to mend their ways. One British observer has likened it to a *game of "chicken"* in which the Fed threatens to drive off the *cliff unless the politicians step* back first.

For the time being, this game is over. The Congressional resolution calling for a $104bn deficit in fiscal 1982-83 is based on an over-optimistic growth assessment.

Even the Congressional Budget Office's estimate of $130bn is based on outdated economic projections. An authoritative New York recalculation based on the consensus of current economic forecasts, and incorporating detailed item-by-item analysis, suggests an outcome around $160bn to $170bn. If one adds "off-Budget" expenditures of around $20bn, total Federal borrowing would be not *all* that far *short* of $200bn. All the same, there is little more pressure that the Fed can exert on Congress before the November election.

It would be surprising if Mr Volcker *announced an abandon*ment or upward revision of the 1982 target *growth range for M1* (currency plus all checkable deposits) *of 2½ to 5½ per cent.* But he is likely to express *studied unconcern* about any temporary bulge in the money supply this month due to the pattern of social security payments, just as he rode over earlier bulges. He may also hint that a breach of the 5½ per cent line may be tolerable for longer in some circumstances.

For instance, the whole of this year's growth in M1 appears to have come from the *shift* of small savings deposits, which are not included in M1 into NOW accounts (negotiable orders of withdrawal) which are. These and other changes mean that the velocity is growing by very much less than the 3-4 per cent average on which the monetary target is based.

Some U.S. economic advisers who belong to the "technical" or "narrow" monetarist school go out of their way to downgrade the importance of institutional change by saying that the velocity has been more stable in recent years than in the 1950s when the pace of financial innovation was much less. But having learned from Milton Friedman that facts do not speak for themselves without a theory, I will not be satisfied with such statistical studies until the technical monetarists explain *why* institutional changes (some of them produced by the Fed's efforts to control *monetary growth*) do not matter.

It is anyone's guess whether the new signals from the Fed will lead to an enduring downward shift in interest rates, or whether they will boomerang and lead to a perverse interest-rate rise because people will think that the Fed is giving up in the battle against inflation. The factor to turn the scales towards lower rates may well be the more critical attitude of U.S. banks to borrowers which should reduce the *effective* demand for loans, following the discovery of the recent crop of bad debts.

On this side of the Atlantic it can be taken for granted that any tendency for the dollar to weaken, associated with lower interest rates, will be taken as a signal to cut interest rates further. In the case of Britain, a distinction should be made *between* cuts in interest rates required to prevent the trade-weighted sterling average from rising above the 88-92 range of recent months and further reductions which might involve the risk of sterling falling below that band. The former change would be regarded as part of the present policy. The latter would be seen as a more substantial change.

Last week, I suggested that *with real growth* in Britain less than expected, but inflation also down, money GDP was growing by about 2 per cent less than the 10 per cent implied by the official Medium Term Financial Strategy. I therefore proposed a £5bn stimulus (about 2 per cent of GDP) with a preference for VAT cuts (or, as a second best, an abolition of the employers' national insurance surcharge) over interest rate reductions because of the superior effect of indirect tax reductions on wage costs and profit margins.

The official view is that the shortfall in Money GDP is more like 1 per cent than 2 per cent and that major fiscal changes *in the strategy* should not be contemplated until U.S., and world develop*ments* are clearer — which means waiting until after the Parliamentary recess and the early November economic forecasts.

In the meanwhile, interest rate reduc*tions* are preferred *if* there is need for earlier relax*ation*. Mention in this column of a "moving 88-92 target range" for the effective sterling exchange rate is not liked either in Whitehall or in Threadneedle Street, perhaps because readers there do not notice the word "moving." The authorised interpretation is: "We watch all the indicators and take a view." But it is conceded that with world inflation and commodity prices so much lower, the view might move in the direction of tolerating an exchange rate a shade below the prevailing range.

(The Bank of England end of "the authorities" has, from the start of floating, been more worried about unseemly speed of movement than the actual level of the exchange rate.)

Nobody is going to repeat the error of 1976 and attempt to knock sterling deliberately. It is more a matter of taking a slight risk on the downward side in interest rate decisions. Moreover, if such a move is decided, British policymakers will try to minimise the exchange rate risks by *acting* in concert with other European countries in particular Germany.

The recent crop of bad debts may turn the scales

Leaving aside my own preferences for fiscal action, there is not an enormous amount to object to in what is either being done or envisaged on either side of the Atlantic, except an all-important lack of coherence. True coherence is not mere public relations. It is a matter of making clear the policy regime in operation and creating a stable climate of expectations about likely official reactions to events in the mind of market participants—all the way from trade union leaders to foreign currency speculators.

My own suggestions have been a stress on Money GDP as a goal of policy — which would leave a good deal of discretion to the monetary technicians on *how* to deliver the goal — and an allowance for fluctuating international demand for different currencies in deciding intermediate objectives such as monetary targets. There *may* be other *ways* of introducing coherence; but the state of the world economy is not a good advertisement for what my colleague Lex calls steering by "the seat of top people's pants."

Lombard

Civil Service pay—the facts

By Philip Bassett

THE GOVERNMENT is now studying the two-volume, 330-page report of the Megaw inquiry into the pay of Britain's 530,000 white-collar civil servants. After 12 months of deliberation, examining 250 separate pieces of evidence, the inquiry has come up with a sophisticated new system for determining Civil Service pay which will reflect more closely both market forces and management needs.

The Megaw proposals are designed to replace the old comparability-based Pay Research system, which has been used to fix Civil Service pay since 1956. Hidden away in the report—and virtually ignored by the inquiry —are some figures, though, which prompt the question: why replace it at all?

One of the central tenets of the report of the Priestley royal commission which set up the old Pay Research system was the need to keep Civil Service pay out of politics. Successive governments have never been able to do this—partly because of the sheer cost of Civil Service pay (currently running at £4.5bn) and partly because of its exhortatory value as an example to other bargaining groups. The present UK Government's approach was no different.

Politically, comparability is anathema to the Prime Minister. Once the Clegg comparability commission had gone, the abolition of the Pay Research system could not be far behind.

Antipathy

The thrust of the Government's antipathy towards the Pay Research system was that it had "lost credibility" in the eyes of the Civil Service and the public because in practice it had not worked well in recent years.

To support this bald political drive, the Treasury submitted to the Megaw Inquiry a paper on Civil Service pay trends which suggested civil servants' pay now is 5 per cent better than the pay of the private sector, compared to their relative positions in 1970.

Even the Megaw report notes that "it attracted considerable criticism for its choice of material, for its methods of analysis, and on more specific technical grounds." This is polite Whitehall language for what even some in the *Treasury* now privately admit was an attempt to fiddle the facts.

The Megaw report, in its weighty statistical appendices, contains two studies which put the *real* position. The *fact* that the studies' principal authors—Professor Richard Layard of the LSE and Mr R. F. Elliott of Aberdeen University—are no friends of the Pay Research system only reinforces their arguments.

Both studies conclude there was little perceptible relative change in Civil Service pay between Priestley in 1956 and 1970. From 1970-1980, Layard concludes the Civil Service was ½ per cent in front, and Elliott 1 per cent—but both acknowledge a calculated margin of error of 2 per cent on either side of these figures. Indeed, in 1981 they agree there was probably a relative decline in Civil Service pay.

Even Megaw argues that the Treasury's paper was based on a distorted statistical sample; if account is taken of this, then the Treasury's 5 per cent lead figure "disappears."

In step

Faced with all this, Megaw concludes that "movements in overall civil service earnings appear to be very broadly in step with movements in private sector earnings in the period 1956-1981" — but then goes on completely to ignore this crucial conclusion.

In other words, the despised Pay Research system actually did the job it was supposed to do: keep Civil Service pay broadly in line with pay outside the Service. The "damage to its credibility" and loss of confidence alleged by the Government is shown for what it actually was: backbench political gut feeling, and ill-informed Fleet Street editorial attacks.

A government, like any management, has every right to manage — for a government, to take a political decision on an issue within its managerial control. But if governments manipulate the facts to justify a political decision, it is only right that, as in this case, they are found out.

Letters to the Editor

SSAP 16 voting disclosure

From the Secretary, the Institute of Chartered Accountants in England and Wales

Sir,—I refer to Mr Baynes' letter in today's issue (July 13) questioning the disclosure by the ICAEW of votes cast in any poll of members before the poll is closed.

May I make it clear that this matter was formally considered by the council at its April 1978 meeting. The council decided that in any future poll of members the total number of votes cast and the pattern of voting should be made available to any inquirer on a daily basis.

This decision was the subject of a press release on April 21 1978 and was duly published in the professional press in the weeks following.

The practice was implemented with regard to *special meetings* in 1979, 1980, 1981 and 1982.

It should be appreciated that the institute does not volunteer *this information*, it merely responds to inquiries. In relation to those earlier meetings, there were few if any press inquiries, particularly from the national press.

J. P. Hough.
PO Box 433,
Chartered Accountants' Hall,
Moorgate Place, EC2.

By any other name

From Mr D. J. Fenn

Sir,—CCA, CPP and SSAP are abbreviations for Confused Chartered Accountants, Clever Professional People and Steer, Simpleton's Assets to Partners and cause controversy every four years like the World Cup and the *Olympic Games*.

I recall that in 1978 that there was *criticism of* Nationalised Energy Industry accounting through your columns culminating in a Select Committee report which stated that the effect of British Gas, using supplementary depreciation to take account of inflation in 1976-77, was to reduce its reported Net Profits by 76.5 per cent. It would be most interesting to know by how much the latest Net Profit has been reduced.

It is freely admitted that the *accountancy profession* give unqualified Audit Reports to *organisations* whose *accounts* are not prepared on an historic basis so *how* can like be compared with like.

By all means let inflation be taken account of but only as notes to historic figures so that discerning shareholders, investors and the simpletons can see the effect of the differentials produced by comparison.

Not many people praise the Inland Revenue but at least they are not taken in by the gobbledygook.

D. J. Fenn.
6 Cole Park Road,
Twickenham, Middlesex

The rebels hit back

From Mr P. R. W. Whyman

Sir,—Bill Bluff (chairman of British Metal Bashers and Arthur Fudge's boss) told me, after reading "The rebels hit back" (July 10), "Arthur was very loyal to the board. Far from there being no questions asked when the CCA statement was put to the board for approval, there were howls of protest. The directors are very touchy about where their duties begin and end. They regard decisions about how financial gains should be dealt with as their prerogative. They think that the gains/losses partially covered by the so-called Monetary Working Capital Adjustment and the Gearing Adjustment are matters to be decided by the board and not according to a formula.

"And, by the way," he added, "I am always suspicious of adjustments in accounts. Either you don't know what is being hidden from whom or the chap who prepared the statement couldn't be bothered to find an accurate description to attach to the figures."

P. R. W. Whyman.
Aller House,
Chapel Allerton,
Axbridge, Somerset.

Blinkered perception

From E. R. Turton

Sir,—If the CCA rebels (Feature July 10) really have *much* in common with the imaginary Arthur Fudge, Finance Director of British Metal Bashers and David Backwood, a sole practitioner, then their victory would be disastrous both for the future of the profession as well as for British industry.

Fudge is clearly out of touch with recent developments. He has not heard of Keymer and Haslam before so presumably he is ignorant of ED. 18 etc. I wonder what he was doing on July 6 1977.

As for Backwood, his statement that "I haven't got the time . . . to learn how to do accounts all over again" neatly encapsulates his blinkered outlook. Perhaps he should retire or recruit a recently qualified CA who will certainly be conversant with Current Cost Accounts.

I cannot help but wonder how Backwood will cope with leasing and other new changes in the pipeline. Thank goodness the ICA has set up an Advisory Service. Backwood seems destined to make considerable use of it.

E. R. Turton.
31 Fens Way, Hextable, Kent.

Back to the Gold Standard

From Mr Douglas Mackay

Sir,—I note the comments in Mr Collins letter published today (July 5) but remain unrepentant. We need to go back on to the gold standard because gold is the best and most obvious base and has worked in the past.

People the world over believe in gold, from French peasants to buyers of Krugerrands to buyers of gold jewellery as an investment.

The workings are capable of being understood by laymen and difficult for an intrusive officialdom to machinate.

It is feasible for Great Britain to adopt the gold standard quickly and unilaterally, within the timespan I suggested originally, by January 1985, the start of the second half of this decade.

I hope this approach will not degenerate into a *mere* debate. I invite you and your distinguished economic correspondents Samuel Brittan, Anthony Harris, Max Wilkinson (and Michael Dixon whose lateral thinking prompted this approach) to put their heads together on an action plan for a campaign that will gain the support of this government, which was elected on a platform of defeating inflation.

J. C. D. Mackay,
81, Baynom Road,
Sevenoaks, Kent.

Slide into anarchy

From Sir Frank Price

Sir,—I would like to add my support to Sir Hector Laing's *letter of July 5. For some years* now I have used every appropriate *occasion to underline* the fears I have that we are ignoring *at our peril the very real* dangers that now exist to our *system of government*.

The fragility of the fabric of our *society is such* that it needs to be carefully and constantly *surveyed* and immediately strengthened when weaknesses *appear*. Tens of thousands of unemployed young people *provide* a *fertile seed* bed for those whose long term aims are to *demolish* our way of life and to replace it with a *system which will not* be toppled easily. That too many people at the top appear to be failing to grasp this simple fact is both astonishing and frightening. To read a letter from a leader of industry who has taken cognisance of this provides a glimmer of hope. I trust that it will be picked up by his colleagues and those who have the power to halt the present slide.

Frank Price.
Trafalgar House,
Paradise Circus,
Queensway,
Birmingham.

Realpolitik in Lebanon

From Mr Stephen Block.

Sir, — Doubtless your editorial's tentative examination of Israel's invasion of the Lebanon ("war is not a path to peace"), enables you to feel that a fine sense of balance is struck.

Thus "horrifying" civilian casualties would, incredibly, be a price worth paying if only it was "plausible" in terms of "realpolitik."

Again the "decapitation" of the PLO (albeit under the relatively moderate leadership of Yassir Arafat) is only implausible because apparently there are too many Palestinians.

What are objective people to think of this type of comment? Is there to be no analysis of the gratuitous bloodshed in the Lebanon other than that of political expediency or opportunism to the best advantage of Israel? It is not hard to imagine what the reactions of shock and horror would be if an Arab country had invaded Israel and perpetrated similar outrages upon the Israelis. So why the double standard? It must be about time the media took a deep breath and stop patronising its readers.

Stephen Block.
15 Oakhill Road, SW15.

A matter of style

From Mr W. L. Kent

Sir,—Some style themselves PLC and others plc.

Surely there is a case for standarisation in favour of PLC. So far as I am aware no organisation ever put co ltd after its name, so why go for plc? Surely it can only be a sad case of inferiority complex because it certainly isn't humility. Maybe its because they resent the eec!

W. L. Kent
8, Dudlow Green Road,
Appleton, Warrington

Exceptional credit lifts Graig profit over £2.7m

AN EXCEPTIONAL credit of £1.33m boosted taxable profits of the Graig Shipping Company to £2.74m for the year to March 31, 1982, compared with £933,000 last time.

The credit comprised £1.44m exchange profits and write-down of listed investments of £104,000. Interim results were well ahead from £651,224 to £2.01m, including exchange profits of £1.14m.

The dividend total is stepped-up from 25p to 30p with a final of 20p (15p). Earnings per £1 share are shown to have risen to 376.58p, against 241.22p.

● comment

For the time being Graig Shipping might be more aptly named "Graig Investment." The £1.334m exceptional credit came as a result of selling the m/v Garthenwydd for $18.5m when the dollar sterling rate was $2.325, and taking a handsome profit when the rate had fallen to $2.064. Of the remaining £1.4m profits, all and then some seems to have come from investing a $20m portfolio in the international money markets. Onshore oil exploration costs were up sevenfold at about £225,000, and with drilling set to begin before the end of 1982, the figure this year is likely to be around £800,000. Net asset value is about £22 per share, and with the shares at £24 unchanged, that is neither exciting for a shipping stock and positively discouraging as an investment stock. Meanwhile the shares yield under 2 per cent, and there is no longer the speculative interest of Cluff Oils former 8 per cent stake. But Graig's aim is still to use its money to go back into shipping as soon as freight rates start to show signs of recovery—which is most unlikely before 1983.

SPAIN

July 14	Price %	+ or −
Banco Bilbao	300	−4
Banco Central	244	
Banco Exterior	312	−3
Banco Hispano	281	
Banco Ind. Cat.	107	
Banco Santander	285	+2
Banco Urquijo	159	−2
Banco Vizcaya	312	
Banco Zaragoza	233	
Dragados	100	+5
Espanola Zinc	64	
Fecsa	54.5	+0.2
Gal. Preciados	26	
Hidrola	56	+0.3
Iberduero	44.2	+0.2
Petroleos	73	+2.8
Petroliber	91	
Sogefisa	5.50	
Telefonica	65	+1.8
Union Elect.	54.2	+0.2

Sainsbury and BHS Scottish expansion

A new SavaCentre hypermarket scheduled to open in Scotland towards the end of 1984 means that J. Sainsbury will start trading north of the border for the first time. Agreement was signed yesterday between SavaCentre, a joint company set up in 1975 between British Home Stores and Sainsbury to operate hypermarkets throughout the UK, and Gilbert Ash Estates (a Bovis company) for the building of a new hypermarket two miles from Edinburgh city centre. Pictured are Mr Robert Heatley (left), chairman of Gilbert Ash and Mr David Sainsbury, finance director of J. Sainsbury and deputy chairman of SavaCentre. The new store, with a retail sales area of some 70,000 sq ft, will form the major unit in the £15m Cameron Toll Shopping Centre being built two miles south of the city. *It is thought to be* the nearest store of this type to any city centre in the UK. Sir John Sainsbury, chairman of Sainsbury, described the agreement as "great news." He said his group had long looked forward to trading in Scotland and "there could hardly be a better starting point than such a prime position in Edinburgh." Mr Roy Burgess, the BHS managing director, said in less than seven years SavaCentre had opened five highly successful stores and the latest move "reflects both the importance we attach to, and the great confidence we have in, SavaCentre hypermarkets."

M & G Dual forecasts at least 21.5p

An increased interim dividend of 9.4p net, against 9.05p, is being paid by M & G Dual Trust for the six months to June 30. The directors *forecast* a final distribution of at least 12.1p—last year's total was 21.15p.

Revenue for the period rose from £743,912 to £774,993, before tax of £232,616 (£223,269).

Asset value of capital shares, based on the managers' middle quoted price of M & G General Trust, Fund. Income units on June 30 1982 was 468.43p.

BATLEYS

Due to an agency error, attributable profits at Batleys of Yorkshire at £1.16m for the year to May 1 1982 were incorrectly stated in yesterday's edition as including an extraordinary credit of £77,000. The credit related to last year's attributable profits of £1.06m.

GEI order books up by 21%—prospects better

ORDER BOOKS at GEI International at March 31, 1982, were at their highest level since 1980 and 21 per cent higher than a year earlier, says Mr Thomas Kenny, chairman, in his annual statement with the full accounts.

All divisions of the group were profitable during the year ended March 31 leading to pre-tax profits ahead from £3.14m to £3.48m. This result reflected a strong second half, with profits up 24 per cent, off setting a first half downturn of 52 per cent.

Turnover in 1981-82 amounted to £54.7m (£55.32m), including exports of £8.83m (£9.28m). The exports went to Africa 24 per cent, Americas 21 per cent, Asia 2 per cent, Australasia 4 per cent, Europe 47 per cent and Middle East 2 per cent.

The chairman says that "for us but not for everyone in the engineering sector trading conditions and profits are getting better."

An analysis of the pre-tax profit by divisions shows (£000s): Midland Steel Products £1,083 (£1,042), Midland Bright £97 (£226), Special Products £191 (£312), Packaging Machinery £1,193 (£848), SK Holdings £1,130 (£1,404), less head office expenses £551 (£355).

Within the Midland Steel Products division *the steel stampings* market both at home and overseas continued to be depressed and short time working operated almost throughout the year. The export activities, however, continued to be extended and with a continuation of these efforts the directors are optimistic that further overseas penetration will be achieved.

With an outstanding order book ahead of last year and an improving market share particularly overseas steel stampings anticipates improving current year sales and profits.

In Packaging Machinery the penetration of Auto Wrappers into the U.S. market has been slow but positive signs now prevail. The company enters the current year with an improved order book and the directors foresee another good year of sales and profit.

Elsewhere, Ayers & Grimshaw had an order book 40 per cent greater than last year while Europack has outstanding order *demand well up on last year* and enters 1982-83 in a buoyant condition.

Net cash balances were £5.64m (£5.96m). These have been maintained after spending almost £2m on new plant and equipment. Authorisations for capital expenditure now outstanding are £1.3m; this will increase as the year goes on, says *the chairman*.

Meeting Savoy Hotel, W.C., August 6 at noon.

Progress at Howard and Wyndham

TURNOVER AT Howard and Wyndham for the 1981 year jumped from £17.53m to £9.72m, but at the attributable level losses were reduced to £252,000, compared with £1.72m.

Loss per 20p share was 5p (20.3p) but there is again no dividend. The deficit was struck after exceptional and extraordinary debits last year totalling £679,000 and a lower tax charge this time of £96,000 (£[illegible]).

In their interim statement (pre-tax losses then were £377,000, against £969,000) the directors said the group consisted of two trading divisions: Ciro (retail jewellers) and W. H. Allen (publishers), which underwent a substantial rationalisation during 1980.

They pointed out that sales of both Ciro and the publishing activities of W. H. Allen were ahead of the corresponding period a year earlier. At Ciro, the group's larger trading division, they expected the usual pattern of profits in the second half to be repeated.

UK demand still weak, says Pilkington chief

DEMAND is still weak for many of Pilkington Brothers' products in the UK and this, combined with continuing redundancy costs, will again depress trading results this year, Mr Anthony Pilkington, the chairman, says in his annual statement.

But he adds that there are some signs that the worst of the recession is over in the UK and the group will begin to benefit from any recovery in the economy.

Overseas prospects are for another good performance.

Pre-tax profit of the glass manufacturer and processor fell [illegible] £27.6m to £50.4m for the year to March 31, reflecting a £29.2m increase in UK trading [illegible] to £41.2m. However, the dividend is held at 10.5 per cent, as reported on June 12.

The chairman says that although it appears that the group has passed the peak of the UK restructuring programme, there will be a continuing need to improve productivity through further reductions in manning and better methods of working.

In the Flat Glass Europe division, further improvements in productivity and efficiencies at all levels are still needed for it to be able to compete effectively.

Shareholders' funds amounted to £791.7m (£736.1m) at the year-end. Fixed assets totalled £924.7m (£852m). Net current assets were down from £170.3m to £141.3m, including bank overdrafts of £121m (£69.2m) and cash and bank balances of £54.2m (£39.7m).

Capital expenditure contracted for stood at £19.8m (£25.9m) and approved but not contracted £15.2m (£29m).

The group has a commitment, amounting to £11.6m (£3.5m) not *provided for* in the financial statements, to make up the pensions of certain employees who have retired early. The commitment is to be paid over the next six years.

Meeting, St Helens, September 3, 2.30 pm.

See Lex

ICC Oil Services hits target of £0.3m

THE HULL-BASED ship and oil rig cleaning contractor, ICC Oil Services, has turned in pre-tax profits of £307,000 for the year ended March 31 1982, which is in line with the forecast of not less than £300,000 made in June at the time of the company's entry to the unlisted securities market. The previous year's taxable surplus was £209,000.

The current year's prospects are bright, with Mr R. Smith, the chairman, confident that the company will achieve a significant increase in turnover and profits in the period. Turnover for the 1981-82 year rose by £0.4m to £2.2m.

Mr Smith says the board is encouraged by the initial results of the first three months of the current year. These show a substantial increase in turnover compared with the corresponding period of last year and are mainly because of additional off-shore oil rig contracts.

A nominal dividend of 0.01p per share is being recommended for the year. The board had previously stated its intention to start dividend payments as soon as practicable. It explains, however, that in considering the year's distribution, regard has been had to the necessity of eliminating the deficiency on the revenue reserves of the company, arising from the old business of Rollo Tea Estates of Ceylon.

At the interim stage, the company reported a rise of £49,065 to £165,491 in pre-tax profits.

● comment

ICC was on target with the 50 per cent pre-tax advance forecast at the time of the placing a year ago, and a 50 per cent increase in turnover in the first quarter of the current year leaves the company optimistic. As the deficit on reserves at the time of the Rollo takeover was only £112,000, the prospect of early introduction of real *dividends is good*. But the key interest in the next few months will be in two areas. Firstly the group is in talks with two private companies; one worth around £1m is its major competitor in hydrojetting, and the other is in the £½m bracket. These are likely to be paper deals. Secondly the group is hoping to establish a valuable *franchise* business with its mini unit for cleaning buildings. However the offshore rig and tanker maintenance contracts will continue to be the mainstay and the potential market here is enormous but the industry is highly fragmented. ICC believes its strength to be the superiority of its system over other techniques, particularly dry sandblasting, and its experience. At the end of the day it is the latter that will count most but the system offers a short term advantage in this highly competitive field. Yesterday's 1p rise to 21p put the shares on a very speculative fully taxed p/e of 31.

Cable and Wireless well over forecast at £97m

SHARPLY HIGHER profits than were forecast in the offer for sale document were returned by Cable and Wireless for the year to March 31 1982. The dividend is also above predictions.

At the pre-tax level figures for the second six months bounded from last time's £34.8m to £52.08m and lifted the full year outturn to £97.66m, compared with £62.05m previously. The prospectus foreshadowed profits *of not less than £84m*.

Stated earnings per 50p share rose by 5.25p to 20.21p and a final dividend of 4p, against a forecast of 3.7p, raises the net total to 6.6p—the second interim dividend of 1.3p was paid to the Government.

Full year turnover of the group, which was granted a Stock Exchange listing for 270m ordinary shares in November last year, advanced from £292.99m to £354.64m and trading profits came through £18.52m ahead at £70.47m.

The taxable surplus included a £4.1m *higher* contribution from associates at £7.99m and interest received and other income sharply ahead at £22.47m, compared with £10.04m. Interest payable declined from £3.83m to £3.28m.

Tax paid, however, jumped to £37.48m (£23.06m) and minorities accounted for £6.93m, against £336,000. There were extraordinary credits this time of £56.45m, a turnround from previous debits of £68m.

These represent the profit *arising to the group from sales* of assets in Bahrain and shares in Hong Kong. The previous year's figures represent the tax liability for balancing charges arising from the restructuring of Bahrain and Hong Kong.

It is pointed out that the pre-tax increase over the forecast figure was principally due to interest receipts and to the conversion of foreign currency monetary assets and liabilities into sterling on the balance sheet date.

The group's resources increased from the proceeds of asset and share sales in Bahrain and Hong Kong — substantial funds are required for tax payments due on January 1, 1983.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Bromsgrove Casting	1.5	Nov 4	1.5	2.25	2.25
H. P. Bulmer	6.72	Sept 13	4.06	12.6	9.38
Cable and Wireless	4	—	—	6.6	—
Daejan	2.83	Sept 3	2.63	4.75	3.85
Graig Shipping	20	Sept 11	15	30	25
General Cons. Inv. ... int.	2.4	Aug 9	2.25	—	6.4
Hampton Gold	2.25	Oct 1	1.75	3	2.5
ICC Oil	0.01	—	—	—	—
M & G Dual ... int.	9.4	—	9.05	—§	21.15

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final of at least 12.1p forecast.

Hanson Trust offer for UGI

BY CHARLES BATCHELOR

Hanson Trust, the industrial services group, is to make a £14.3m cash bid for the 78.3 per cent of United Gas Industries (UGI) it does not already own.

Its offer of 125p per share puts a total value of £18.2m on UGI, which makes gas meters and a wide range of gas and electrical heating appliances and components.

Hanson currently holds 3.16m UGI shares, equivalent to 21.7 per cent of the equity.

The proposed offer was put to UGI chairman, Mr Hugh Nicholson, yesterday and the company's board is now studying it. "We very much hope the board will recommend the offer," said Hanson director, Mr John Pattisson last night.

UGI, which has improved its profits record in recent years, would fit in well with Hanson's *existing light engineering* activities even though direct product synergies are not expected, Mr Pattisson said.

"We like its activities and we like its management," he added.

Hanson has held a substantial minority stake in UGI for the past 12 years although its holding was reduced from 25 per cent 18 months ago when loan stock was converted.

Appropriate *cash* offers will be made for the preference shares in due course and arrangements will be made for the ordinary shares in respect of which options have been granted, Hanson said. UGI shareholders will be entitled to the final dividend for the year March 31 1982.

UGI recently reported pre-tax profit in the 12 months ended March of £3.07m, compared with £1.65m previously. At March 31 it had net tangible assets of £13.33m.

UGI is much *smaller* than other recent Hanson acquisitions, notably the Berec battery group, since renamed British Ever Ready, bought for £95m last December, and the U.S. footwear and tools company, McDonough, which cost $185m (£74m).

Hanson's most recent figures showed a 21 per cent rise in pre-tax profits to £22.1m in the six months ended March on turnover 36 per cent higher at £510m.

UGI shares rose 2p to 100p ahead of yesterday's announcement. Hanson was unchanged at 163p.

Mr Nicholson said last night that the bid proposal had come as a complete surprise. The company would take advice from its bankers before deciding whether to recommend or reject it.

"Hanson have always been good friends," he said. "We *knew* that if we ever wanted financial support they would be there." When I heard of the bid I said: 'It is up to you'."

West Kent Water £1.5m tender offer

West Kent Water Company is seeking to raise £1.5m by an offer for sale by tender of 8¾ per cent redeemable preference stock.

At the minimum tender price of £98 per £100 stock, the conventional gross yield is 12.755 per cent and the fully grossed-up franked income yield is 18.6 per cent.

The stock is redeemable at par on December 31 1989, or at the option of the company at any time after December 31 1987, subject to the company giving three months' notice.

Applications must be received not later than 11 am on July 21, accompanied by a deposit of £10 per cent. The balance must be paid on or before Thursday, September 16.

Brokers to the issue are Laurie, Milbank.

● comment

Market movements haven't been dramatic since late May when the most recent water issues were made, so it's not surprising to see fairly similar terms from West Kent. Using the conventional gross yield, this one offers about 0.85 per cent less than the comparable gilt. A nod to lower base rates has been made by tugging down the minimum tender price to £98 and reducing the coupon to 8¾ per cent. But these are mere cosmetics to those anxious to make full use of the franked income. Bidders are advised that the market for water stock remains fairly healthy—a minimum tender at par should ensure allotment.

IoM Savings Bank fails to block shares sale

The attempt by the Isle of Man Savings and Investment Bank to block the transfer and sale of its 1.2m shares in the quoted Westminster Property group, deposited as security for loans, failed in the High Court yesterday.

Temporary injunctions had *been granted last week* on behalf of Orphean and Poncho Investments, both registered in the Isle of Man and nominees for the bank, restraining Mr Teddy Smith and his solicitors from transferring the shares.

Mr Justice Dillon refused an application by Orphean and Poncho to continue the temporary injunctions on the grounds that the bank's situation had changed since the injunction was first granted. *The bank's licence* was withdrawn on June 25 but attempts by the Isle of Man Finance Board to secure its position had finally ended on Tuesday.

Boulton & Paul losses cut to £0.18m

Boulton & Paul, a structural engineering and woodworking offshoot of British Electric Traction, cut pre-tax losses from £1.56m to £540,000 in the second half of 1981-82. Taking the first-half profit of £359,000 into account the loss for the year ended March 31, 1982, comes through lower at £181,000, compared with £353,000.

Group turnover was static at £79.3m while trading profit showed a decline from £4.3m to £2.93m. Redundancy costs were lower at £72,000 against £922,000.

The pre-tax loss is more than offset *by tax credits of* £1.39m (£2.57m) to leave a net surplus of £1.21m (£2.22m).

Euston Centre Properties rises to £5.8m

Revenue before tax of Euston Centre Properties advanced from £4.64m to £5.88m for the year to March 31 1982. Tax paid rose by £637,488 to £3.04m, leaving the net figure at £2.84m, compared with £2.24m.

Including a higher balance brought forward of £61,682 (£26,428) the available surplus moved ahead from £2.26m to £2.9m, from which dividends absorb £2.7m (£2.2m).

Mid-year pre-tax profits totalled £2.84m (£2.02m).

The company's "A" shares are all held by Stock Conversion and Investment Trust and its "B" capital is owned by George Wimpey, through Wimpey Property Holdings.

LADBROKE INDEX
Close 353-358 (+1)

THE TRING HALL USM INDEX
127.8 (−0.1)
Close of business 14/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

H.P. Bulmer lifts profits 67% on sales rise of 25%

FOLLOWING A strong first-half performance by H. P. Bulmer Holdings, its profits in the second six months have exceeded the board's expectations of last December. For the 53 weeks ended April 30 1982, pre-tax profits have been lifted by 67 per ceot to £7.51m, against £4.51m in the previous 52 weeks, on sales, excluding excise duty, up 25 per cent at £71.32m.

At the interim stage, sales were ahead by 20 per cent and pre-tax profits at £3.99m, were some £1.2m higher (42 per cent). In the second half, sales increased by 31 per cent and taxable profits at £3.52m, were more than double those of the same period of 1980-81. Mr Esmond Bulmer, the chairman, describes the year's results as "excellant."

In December, the board said it was unlikely that the group would see a similar percentage growth in tha second half to compare with the 1980-81 second half incraase of 75 per cent. But further progress was expected.

The group—engaged in the manufacture of cider and pectin and the wholesale of wines and spirits—is raising its dividend for the year to 12.6p (9.38p) oet, with a final up from 4.06p to 6.72p. Stated earnings per 25p ahare jumped by 64 per cent from 35.39p to 58.02p.

Tha strong growth achieved in historic cost profits has also been achieved on a current cost basis. Current cost pre-tax profits have increased by 67 per cent to £6.12m (£3.67m). On the same basis, earnings per share were 44.83p (27.26p).

Mr Bulmer reports that the new financial year bas started on an encouraging note, with the group'a main trading activities ebowing continuing growth in sales volume.

The group is actively seeking to broeden its trading base, both in the UK and overseas, and further progress in this direction is expected during the year. "Our expectation of a continuing strong cash flow will place ns in a favourable positioo to pursue these opportunities," the chairman atates.

"I belleve that we are now well placed to continue our profit growth this year," he says.

Although results of the group's overseas subsidiaries were disappointing in 1981-82, overall trading profits advanced by £3m (39 per cent) to £10.46m. All the group's main trading activities ehowed e marked improvement over the previous year, with cider (profits up 42 per cent) and wioes, spirits and other drinks (np 58 per cent) both performing well; pectin profits rose by 25 per cent.

Interest charges were some £0.4m lower at £1.89m, mainly as a result of a reduction in group borrowings during the year. Exceptional debits of £695,000 (£490,000) mainly reflected the cost of writing writing down obsolete packsging and some plant.

The fine summer weather in August and September last year gave a significant boost to cider sales and this improved trend continued throughout tha remainder of the year.

Despite the proliferation of new brands in the UK natural spring water market, Perrier sales volume increased by 31 per cent and remains the dominant brand in this grpwth market.

Red Stripe lager did not meet targets for the year, but market conditions were very competitive and total UK lager sales have declined. During the year the franchise with 7-Up was terminated, by mutual agreement.

	53 wks. 1981-82 £000	52 wks. 1980-81 £000
Sales*	71,317	56,860
Cider	54,794	43,812
Pectin	7,471	5,863
Wines, spirits, other drinks	9,052	7,085
Trading profits	10,458	7,498
Cider	8,858	6,242
Pectin	944	758
Wines, spirits, other drinks	656	416
Property (now discontinued)	—	77
Interest payable	1,890	2,277
Minority interest	—	4
Exceptional charges†	695	490
Employees' deferred profit-sharing plan	361	218
Profit before tax	7,512	4,509
Taxation‡	1,364	709
Net profit	6,148	3,800
Preference dividends	130	129
Ordinary dividends	1,307	973
Retained	4,711	2,698

* Excluding excise duty and VAT. † Comprises £142,000 (£542,000) payments in respect of termination of employment £134,000 (£500,000) provision for losses on disposal of surplus wooden crates: nil (£340,000 credit) prior year pension and life assurance premium adjustment £32,000 loss £182,000 profit) arising from disposals of fixed assets: £248,000 (nil) provision to reduce book values of plant, not currently in use, to estimated net realisable values: £83,000 (nil) incentives to employees to change wage payment methods; £56,000 charge (£30,000 credit) miscellaneous and prior year items. ‡ Comprises £1.35m (£702,000) UK tax, £10,000 (£9,000) overseas tax, less nil (£2,000) minorities.

● comment

Beer production figurea may keep on sliding; Bulmer's figures for the 53 weeks to April nevertheless show cider sales ahead by oearly 30 per cent. On a 52-week basis the volume improvement is 10 per cent, against 8 per cent at tha balf-year. It is bard to resist the idea that cider has become an increasingly good substitute for beer, with vastly better retail margins. The other two striogs to Bulmer's bow have also progressed well. Distribution of other drinks is becoming more profitable as tho product portfolio is strengthened (the overhead costs remainiog fairly static), while pectin profits were helped by the rising dollar to overcome fears of a alowdown in the second half. Up 26p to a peak of 460p, the shares yield 4 per cent. A fully-taxed p/e of 13 reflects faith that the pace can be sustained; as volume is atill growing, and productivity improvements have yet to be exhausted, this is reasonable enough. If there is a doubt, it atems from the recent atatement by the chairman of Allied-Lyons, predicting that recent clashes in the North East might develop a national price war and lower profitability for the whole industry. If Sir Derrick is proposing to go after a larger share of the market, Bulmer's margina would be bound to suffer.

Mr Esmond Bulmer, the chairman of H. P. Bulmer Holdings, who yesterday reported "excelleot results for 1981-82."

Midterm rise for General Consolidated

Earnings of General Consolidated Investment Trust rose from £499,994 to £587,812 in the six months to June 30, 1982, after corporation tax of £181,656, against £108,490, and tax credits imputed to franked income of £191,106, compared with £174,503.

The directors say second half revenue is not expected to show the same rate of increase as in tha first half.

The interim dividend is raised from 2.25p to 2.4p — last year's final was 4.15p, paid from net revenue of £1.25m. Stated earnings per 25p share were up from 2.68p to 3.15p, while net asset valne per share is given as 154.6p (160.6p).

Gross revenue totalled £1.04m (£888,289), comprising franked £637,022 (£581,678) and unfranked £400,253 (£306,611).

Glanfield Lawrence loss more than doubles

PRE-TAX LOSSES more than doubled at Glanfield Lawrence in the half-year to March 28 1982 from £116,000 to £240,000, despite an advance in turnover (excluding VAT) from £5.18m to £7.25m.

The group, a holding company with interests in motor vehicla distribution and engineering, moved from a trading profit of £41,000 in last year'a first balf to a loss of £16,000. Bank and loan interest took £224,000 (£157,000), and there was a tax credit of £8,000 (£123,000).

The company says there has been a alight improvement in trading results in the third quarter, a trend which it hopes will continue, allowing a more encouraging outlook to be presented to shareholders in the statement accompanying the next audited accounts.

The lack of demand for new and used vehicles resulted in extremely depressed margins and trading was further hit by the severe winter. Continuing bigb interest rales paid to finance stock meant an appreciable rise in financial charges.

The only completed acquisition during the six months was that of some land next to the present Finchley premises. A large modern petrol station is to be built there. Outline planning permission has been obtained and detailed approval is anticipated soon. The group has negotiated an interest-free grant from Mobil Oil Company to finance the acquisition and development of the site, which will become operational by mid-1983.

As advised to shareholders, the board has decided to change the end of the financial year to December in order to coincide with manufacturers' operating years. It is felt that this will assist in assessing the trading results of the group's various companies.

However, due to the inclusion of en additional three montha which have historically been a poor trading period, the decisioo will worsen the ultimate results for the current period.

The board has reviewed all the present operations aod has decided to cease trading where an early return to profitability appears unlikely. The Fiat/Lancia franchise at Swansea has been relinquished with effect from June 30. Most of the stock has been sold and tha group is seeking to dispose of its freehold property.

The company has also decided to sell its valuable freehold property et Finchley and negotiations are taking place with interested partiea.

As a result of these measures and the possibility of other disposals, the group anticipates a substantial improvement in trading results as wall as a reduction in its borrowing and interest charges.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Associated Newspapers, Daily Mail and General Trust, Eurotherm International, Romney Trust, Tribune Investment Trust, Vosper, Yeoman Investment Trust.

Finals: Braithwaite Engineers, Christie-Tyler, Distillers, Dowty, G. M. Firth, Great Universal Stores, Haslemere Estates, Howden Group, Jones Stroud, London and Midland Industrials, Marling Industries, Oil and Associated Investment Trust, Symonds Engineering, Tex Abrasives, Thorn EMI, TR Trustees Corporation, Unigate, Wheeler's Restaurants.

FUTURE DATES

Interims—

Evode	Aug 5
Jacobs (John I.)	July 29
Leda Investment Trust	July 20

Finals—

Fuller Smith and Turner	July 20
Mid Wynd Intnl. Invest. Trust	July 29
Radiant Metal Finishing	July 20
Unitech	Aug 3

Bromsgrove down slightly

Pre-tax profits at Bromsgrove Casting & Machining fell back in the year to March 1 1982 from £181,712 to £171,771, on turnover up from £3.12m to £3.62m.

A final net dividend of 1.5p per 5p share is to be paid, maintaining the payout for the year at 2.25p. Earnings per share of this manufacturer of aluminium and non-ferrous castings, maloly for vehicle production, are stated at 4.8p (4.9p). Tax took £95,500 (£103,000).

Daejan expands to £4.7m

TAXABLE PROFITS of Daejan Holdings, property investment company, rose from £3.83m to £4.74m in the year to March 31, 1982, with £1.94m, against £1.89m, coming in the second balf.

The dividend is being increased from 3.85p to 4.75p oet, with a final of 2.825p. Stated earnings per 25p sbare were 1.76p higher at 18.35p.

Rents and charges less property outgoings amounted to £4.94m, against £5.23m wbich included rental increase of £0.37m relating to the previons year. The surplus from property sales was up from £5.05m to £5.53m, while other income totalled £112,000 (£137,000).

Financiog and other charges absorbed £5.85m, compared with £6.58m.

Tax took £1.74m (£1.09m) and minorities £5,000 (£42,000), leaving £2.99m (£2.7m) before extraordinary credits of £21,000 (£18,000).

The directors say the accounts for the year will reflect a revaluation of the group's property portfolio, carried out in early 1982.

Titaghur Jute runs into loss of £3m at halfway

HEAVY LOSSES in Iodian operations meant that Titaghur Jute Factory Co. incurred a pre-tax deficit of £3.03m for the half year to December 31 1981, compared with e profit of £321,000 previoosly.

The loss in India amouoted to £2.96m after depreciatioo of £186,000, against e profit of £396,000. The UK associates' deficit was alightly lower at £70,000 (£75,000). Turnover io India rose from £13.57m to £14.3m.

The directors say that, as forecast in the cbairman's statement for 1980-81, the group mills' working for the half-year resulted io heavy losses. There has been an improvement in working io the second half, but substantial losses bave again been incurred.

The group'a associata in the UK—the A. and S. Henry and Co. (Dundee) Group—again incurred beavy losses. The associated group is being reorganised and the benefits will not be seen until 1982-83.

The group's proposal for Iodianisatioo of the three UK-based companies operating in India still await the Indian government'a approval. Details of the proposals will be circulated when approval has been received.

The directors say it is impossible to forecast when profitability will return to the Indian jute industry, which is passiog through its worst crisis for many years.

The group turoed in a profit of £574,000 for the last full year.

Interim losses per £1 share are given as 212p, compared with earnings of 21p previously. There is again oo dividend on the ordinary or preference sbarea — tha last payment was made in 1972. There was an unchanged tax cbarge of £2,000 for the balf year.

Yearlings total £16.75m

YEARLING BONDS totalling £16.75m at 12¾ per ceot redeemable oo July 20, 1983 bave beeo issued this week by the following local authorities.

Oxford City Council £1m; Hackney (Londoo Borough of) £1m; Kirklees Metropolitan BC £0.75m; Nottiogham (City of) £1m; Runnymede BC £1m; Salford (City of) £0.5m; Cumbernauld and Kilsyth DC £0.25m; Derwentside DC £0.5m; Fenland DC £0.5m; Harborough DC £0.45m; North East Fife DC £0.5m; Reigate and Baostead (Borough of) £0.5m; Wansbeck DC £0.3m; Fife Regional Council £1m; Bristol (City of) £1.5m; Hammersmith and Fulbam (London Borough of) £2.5m; Kirkcaldy DC £0.5m; New Forest DC £0.75m; South Staffordshire DC £0.25m; Central Scotland Water Development Board £1m; Portsmooth (City of) £1m.

Basingstoke and Deana Borough Council bas issued £1m of 13¼ per cent bonds at par for redemptioo on July 11, 1984.

SHARE STAKES

Bowthorpe Holdings — Prudential Assurance Company (excluding "A" account if any) holds 2,532,451 shares and Prudential Nominees hold 167,500 shares. Total 2,699,951 shares (6.69 per cant).

Telfos Holdings — K. P. Legg, a director, haa notified that Plantatioo and Genaral Investments, of which be is a director, holds 687,900 ordinary sbares (12.6 par cent), and £250,950 12 per cent convertible loan stock 1991 (21 per cent).

Weir Group — Dr G. A. Wair, a director, has aold 50,000 ordinary sbares reducing his interest to 275,203 sbares. He bas a non-beneficial interest in 626,000 ordinary shares.

Wm Low and Company — H. L. Findlay, a director, holds 266 ordinary ahares. C. J. G. Grant, a director, bolds 2,333 ordioary sbares. J. L. Millar, a director, holds 4,533 ordinary shares. C. C. R. Mitcbell, a director, bolds 4,000 ordinary shares. J. P. Rettie, a director, holds 19,060 ordinary shares non-beneficially. I. W. Stewart, a director, holds 38,286 ordinary ahares non-beneficially.

Allied Lyons—F. E. Showering, director, sold 1m ordinary sbares.

Trent Holdings — NNC Pensioo Trustee of Warrington, Cheshire, acquired 95,000 ordinary.

Warner Estate Holdings — Sir Henry Warner ootifies tbat his interests in 84,024 ordinary ceased wben tha beneficiary of a trust became absolutely entitled thereto.

Ex-Lands — Following a recent purchaae of 25,000 ordinary Jantar is beneficially interested in 477,500 sbares (10.70 per cent).

East Rand Consolidated — An increase in sbares beld by directors' family trusts, of which N. H. Marsball and D. C. Marshall (chairman and vice-chairman) are trustees, have increased their holding by 633,000. D. C. Marshall is beneficially interested in 1,395,919 sbares (7.6 per cent). N. H. Marshall and D. C. Marshall are joiotly interested beoeficially aod oon-beneficially in 4,182,759 ahares (22.78 per cent).

British Steam Specialties — Prudential Nominees are interested in 625,500 sharea (5.055 per cent). Prudential Nominees B accouot ara intarested in 125,000 shares (1.01 per cent). Kingman nominees are interested in 270,000 shares (2.182 per cent). Total 8.247 per cent. Thesa are not naw or changed holdings, but are notified in accordance with tha 1981 Companies Act.

Suter Electrical — Mrs S. Abell, wife of J. D. Abell, chairman and chief executive, has bought 50,000 deferred ordinary shares.

Gillett Bros. — Imperial Lifa Assurance of Canada owns 237,500 ordinary shares (8.7 per cent).

L. J. Dewhirst — D. C. McQueen, a director, has sold 50,000 ordinary shares.

Ash and Lacy — Britannic Assurance holds 415,000 ordinary shares (9.95 per cent); ITC Pension Trust holds 306,500 ordinary (7.35 per cent); Sea Insurance Company holds 290,000 ordinary (6.96 per cent); and Prudential Assurance Company holds 224,073 ordinary (5.38 per cent).

RESULTS AND ACCOUNTS IN BRIEF

CHUBB AND SON (security systems)—Results for year to March 31, 1982, and prospects reported June 24 in full preliminary statement. Group fixed assets £53.1m (£50.51m). Assets on rental £12.3m (£13.9m). Net current assets £50.7m (£51.67m). Shareholders' funds £82.21m (£83.3m). Loans £29.78m (£28.17m). Meeting, Hyde Park Hotel, SW, August 11, at noon.

Pre-tax loss for half year to December 31 1981, £109,000 (profit £82,000); turnover £314,000 (£636,000); tax credit £57,000 (charge £32,000); net loss after tax £52,000 (profit £30,000).

GREAT PORTLAND ESTATES (property development and investment)—Results for year to March 31 1982 reported on June 11. Shareholders' funds £273.15m (£181.54m); fixed assets £276.69m (£207.66m); current assets £37.43m (£11.59m); current liabilities £12.71m (£15.51m); increase in net working capital £24.67m (£2.15m). Company portfolio was revalued for the first time since 1978, which chairman says increased net assets. Meeting: Cafe Royal, 68 Regent St, W, September 1, at noon.

SCAPA GROUP (industrial textiles)—Results for year ended March 31 1982 reported June 25 with prospects. Fixed assets £36.97m (£31.75m). Net current assets £33.37m (£27.05m). Group shareholders' funds £50.68m (£43.77m). Loans £14.82m (£11.35m). Increase in working capital £6.22m (£1.63m). A new plant for wet felts to be located in State of Kentucky, U.S., is planned to start up in 1984. The company is taking steps to ensure that its penetration into the European market becomes more effective by the acquisition of local manufacturing units. Meeting, Blackburn, August 6, 11.30 am.

SUTCLIFFE SPEAKMAN (carbon manufacture and engineering)—Results for year to March 31 1982 reported July 8. Shareholders' funds £1.85m (£1.7m). Fixed assets £940,000 (£548,000). Net current assets £1.29m (£1.55m) including bank overdrafts £1.35m (£1.02m). Medium term loan £0.36m (£0.37m). Accounts have again been qualified. Group borrowings and guarantee facilities remain subject to regular review with the company's bankers. The financial statements have been drawn up on a going concern basis which assumes that adequate banking facilities will continue to be made available to the group.

TECALEMIT (garage equipment, filtration and lubrication systems, combustion engineering)—Results for the year to March 31 1982 reported June 30. Shareholders' funds £24.5m (£23.31m); net current assets £16.5m (£12.53m); fixed assets £11.48m (£10.28m); increase in working capital £1.09m (decrease £1.12m). Meeting: Winchester House, 77 London Wall, EC on August 6 at noon.

MINING NEWS

Noranda loses more in the second quarter

BY KENNETH MARSTON, MINING EDITOR

HIT BY low metal prices and a recession in its industrial products and pulp and paper operations, Canada's giant Noranda Mines reports an increased second-quarter loss of C$57.1m (£25.9m), equal to 56 cents per share.

It makes a half-year loss of C$75.4m, or 79 cents per share. This compares with a net profit of C$180.5m, or C$1.75 per share, in the same period of 1981 which included a non-recurring gain of C$76.5m.

The quarterly dividend, payable on September 15, has been halved to 12.5 cents.

Noranda says: "Strikes at Canadian Copper Refiners and Canadian Electrolytic Zinc worsened an already bad situation. Fabricating operations also produced a loss, with aluminium markets severely depressed and markets for wire and cable continuing to deteriorate.

"In forest products, lumber markets remained dead, while markets for other products softened significantly. In the circumstances it is fortunate that Noranda entered 1982 in strong financial condition, but the need for drastic cost control and cash conservation measures is obvious.

"Capital spending will remain high in 1982 due to the need to complete capital projects begun earlier, but will be substantially reduced in subsequent years. Projections indicate that Noranda will emerge from 1982 in a satisfactory condition."

Canadian investment analysts disagree about the company's near term prospects, recent estimates for 1982 having ranged from a profit of 20 cents per share to a loss of one dollar. However, all expect Noranda to be back in profit again next year although earnings forecasts are wide open with a range of between 75 cents and 300 cents per share.

Hampton Areas wins through

WHILE the mining majors continue to suffer from the effects of world recession, cheerful news comes from one of their smaller brethren, the UK-registered Hampton Gold Mining Areas.

The promise held out in the half-year results has been fulfilled by a doubled full year's net profit of £1.85m for the 12 months to March 31 compared with £950,000 in the previous financial year.

Shareholders get a final dividend of 2.25p to make 3p for the year—out of earnings of 13.68p per share—compared with 2.5p for 1980-81.

Major factors in the good performance include record royalties paid by Western Mining for nickel production carried out at Hampton Areas' ground in Western Australia which is mined as part of Western Mining's Kambalda operations.

During the past 12 months Western Mining increased its mining in this area and Hampton Areas has also enjoyed a favourable exchange rate in converting the Australian royalty receipts into sterling.

Investment income has been boosted by high interest rates while a useful profit has been made on the sale of the investments in Paringa and Cornwall's Geevor Tin.

In the UK, the Great Row colliery increased its profits but the Wallex mining machinery subsidiary did less well because of lower purchases of equipment from the National Coal Board and this accounts for the reduction in the latest turnover of Hampton Areas.

By any standards the latest results of Hampton Areas can be considered good in the current economic climate. The company will thus do well to maintain them in the current year.

But it has a fighting chance with the first contribution from its recent U.S. expansion and the hope of uninterrupted production at Great Row — this may depend upon Mr Arthur Scargill — and a possible improvement in nickel prices.

	1982 £000	1981 £000
Turnover	8,000	9,735
Operating profits	1,446	1,260
Royalties	1,139	707
Exploration costs	485	85
Surplus on exchange	227	142
Profit on sale of invests.	683	2
Profit before tax and extraordinary item	3,010	1,842
Taxation	1,099	892
Profit after tax and before extraordinary item	1,911	950
Extraordinary item	62	—
Attributable	1,849	950
Dividends	420	327
Retained profits	1,429	623
Earnings per share	13.68p	7.65p

Steady progress at Ashton gem venture

THE LATEST quarterly report from CRA on the Ashton joint venture diamond project in Western Australia tells of steady progress towards the first limited commercial production from the Argyle alluvial diamond deposits.

This is expected within a few months' time but it is pointed out that commencement of commercial production is subject to Western Australian Government approval of mining and marketing proposals which have yet to be submitted by the joint venture.

The knotty question of who is to market the diamonds remains to be solved. Discussions have continued between representatives of De Beers' Central Selling Organisation (CSO) and of the rival contender, Metals and Minerals Trading Corporation of India.

As already reported, the CSO has offered to buy all the gem quality diamonds, which make up about 10 per cent of the projected output, and 75 per cent of the remainder which is in the form of industrial grade diamond.

Generally speaking, Ashton's gem diamonds come into the lower-grade categories and there is a good deal of material in the "near gem" area.

Although the world diamond market is very depressed at the moment, the Ashton overall production could still earn good profits on a high-volume basis and this is envisaged with a projected annual output of some 20 carats when full production is reached around 1985-86.

The venture partners are: CRA (56.8 per cent), Ashton Mining (38.2 per cent) and Northern Mining (5 per cent).

BIDS AND DEALS

Marley in £2.2m U.S. plastics expansion

Marley, through its wholly-owned U.S. subsidiary Marley Plastics (USA) has acquired Klein Plastic Products, a privately-owned company engaged in manufacture and sale of plastic goods.

Consideration is $3.75m (£2.2m) payable over three years. Klein, whose main plant is at Baraboo, Wisconsin, has a record of sound sales and profits growth. In 1981/82 turnover exceeded $21m.

BPCC'S STAKE IN BEMROSE OVER 19%

British Printing and Communication Corporation (BPCC) maintained its steady build-up of shares in Bemrose Corporation, which is subject to a £16.1m bid from Bunzl.

Yesterday BPCC announced the purchase of a further 100,000 Bemrose shares at 145½p, taking its holding to 2.145m or 19.08 per cent of the equity. The bid from Bunzl, which has so far bought 13.8 per cent of Bemrose, expired yesterday.

CLEVES INV. BIDS FOR WOODEND SECS.

Cleves Investments, licensed dealers in securities, on Monday acquired as principals 1,208,106 ordinary shares (70.36 per cent) in Woodend Securities at 3.5p per share.

Under the City takeover rules Cleves will be making a cash offer at the same price for the outstanding 445,254 ordinary shares. Shareholders are advised to take no further action for the time being.

SGB GROUP IN £150,000 DEAL

SGB Group, the international construction plant and services concern, has acquired Energycare for £150,000, payable early in 1983, together with further annual sums related to the profitability of the company up to the end of September 1987. The value of the net assets being acquired is less than £10,000.

Energycare undertakes cavity wall insulation in SW England.

LOOKERS

Lookers, the Manchester vehicle distributor, yesterday announced the purchase of a further 25,000 shares of Braid Group at 58p per share, taking its holding to 2.15m shares, or 35.8 per cent of the equity.

Lookers had also received acceptances from the holders of 335,875 shares, or 5.6 per cent of the equity, to its offer by *Tuesday afternoon. This figure* excluded shareholders who have withdrawn their acceptances at Lookers' own recommendation.

Acceptances and share purchases together give Lookers the support of 2.485m shares, or 41.4 per cent of the equity.

NO PROBE

The acquisition by Hongkong and Shanghai Banking Corpn of the international trade finance activities of Tozer Kemsley and Millbourn (Holdings) is not to be referred to the Monopolies Commission.

Berisford meets EEC Commission

BY RAY MAUGHAN

THE COMMODITY trading group, S. and W. Berisford, met members of the European Commission yesterday evening in an attempt to clarify the position regarding the competition directorate's consent to Berisford's £282m cash bid for British Sugar Corporation.

Berisford later announced that the reports that it had been warned by the Commission that the Commission was reconsidering its position on the bid and did not wish Berisford to proceed without the Commission's consent, and that Berisford disregarded that warning, were inaccurate. "The Commission today agreed with Berisford that this is so," Berisford added.

The statement added that "Commission officials have made clear to Berisford that until the Commission itself finally defines its position about Berisford's bid, the Commission's position is reserved and that if Berisford took any action in the meantime, it should do so in the knowledge of that fact."

In a letter delivered on Tuesday by hand to Mr O. De Vos, head of the corporate combinations and steel division of the competition directorate, Berisford said that "it very much regretted if the Commission is aggrieved that Berisford did not give advance notice of the conditional agreement for the purchase of the shares in British Sugar held by Ranks Hovis McDougall."

The commodity group stressed that "at the meeting with the Commission's services held on April 27, Berisford stated quite specifically that it must reserve the right, in the *interests of its shareholders*, to take action to consolidate control of British Sugar if the opportunity arose.

"Berisford did not think it right that Berisford could effectively be prevented, for an indefinite period, from taking any action whatsoever while British Sugar remained free, as a result of having filed a much delayed and (as Berisford believes) unfounded complaint."

Another hand-delivered letter to Mr De Vos yesterday acknowledged that another member of the competition directorate, Mr Benini, had indicated to Berisford "that he or the commission's services had been surprised and upset that Berisford had taken the step without advising the commission in advance."

"Having regard to the history of the matter," Berisford went on, "we were very surprised by that reaction on Mr Benini's part." The commodity trader emphasised that even since the conditional agreement with RHM was announced last Friday the *Commission* had not given any warning about proceeding without its consent.

For its part, representatives of British Sugar met members of the directorate on Monday to discuss new evidence produced by the beet processor and a third party which British Sugar hopes will persuade the commission to force Berisford to divest a large part of its existing 40.02 per cent stake.

In the meantime, British Sugar has begun a series of meetings with the Takeover Panel objecting to the manner in which the conditional agreement for the purchase of a 10.5 per cent holding from RHM stands to give Berisford majority control. British Sugar expects that its inquiries on one or two points will "crystallise" by the end of the week but, by that point, Berisford expects to have despatched its formal offer of 470p cash per share and an equity alternative.

SOTHEBY DISPOSAL

The Earl of Westmorland, director of Sotheby Park Bernet, the auctioneer, sold 20,000 shares in the group on July 12, leaving his holding at 130,000 shares. Mr P. J. Spira, Sotheby's finance director, sold 2,000 shares, leaving his holding at 14,000 shares.

Sotheby's is planning to dispose of one of its salerooms in Chester, and not two, as stated in yesterday's paper.

NEVILLE/PENGKALEN

Neville Enterprises' offer for Pengkalen has been declared unconditional and will remain open for acceptance until July 28.

Acceptances have been received in respect of 638,934 shares (39.94 per cent).

Neville, through an associate, Fairford (Investments) was beneficially interested in 165,000 Pengkalen shares (10.31 per cent) before the offer period. Neville and its associates are interested in 803,934 shares (50.25 per cent).

SHARE STAKES

Alpine Soft Drinks—On July 6, H. English, director, sold 145,000 ordinary shares for 66p per share and was thereafter interested in 1,004,930 ordinary (9.77 per cent).

Electrocomponents — Clerical, Medical General Life Assurance Society now holds 5.037m ordinary shares. This represents a holding of over 5 per cent.

Greenwich Cable Communications—As at July 5, 1982, 160,000 shares (7.2 per cent) were held by Royal Bank of Scotland as trustee of Allied Hambro Second Smaller Company's Fund. Associated Newspapers Group has increased holding by 7,000 shares to 369,500 (15.72 per cent).

Archimedes Investment Trust—Yorkshire and Lancashire Investment Trust has sold 63,500 income shares reducing holding to 100,000; Wesleyan and General Assurance Society has purchased 50,000 income shares increasing holding to 100,000. These holdings each constitute 5.15 per cent of the income shares in issue, 2.72 per cent of the issued share capital and 4.08 per cent of the voting equity.

Belhaven Brewery Group—John Berkley, director, recently purchased 250,000 ordinary shares increasing his holding to 525,200 ordinary.

Birmid Qualcast—Holding of Kuwait Investment Office is reduced to 3.52m shares (5.33 per cent) from 3.97m (6.02 per cent) previously held.

Hoskins and Horton—Following the purchase on July 13 of 20,000 ordinary units, Claxton and Garland is interested in 655,000 ordinary units (24.55 per cent).

Richards (Leicester) — Stainborough Securities has increased its holding by 26,000 ordinary to 578,200 ordinary (28.91 per cent).

North British Properties—Sun Life Assurance Society has acquired 230,000 ordinary shares making holding 3.35m shares (24.158 per cent).

LONDON TRADED OPTIONS

July 14 Total Contracts 1723 Calls 1332 Puts 393

Option	Exercise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP c	260	11	37	24	9	50	—	264p
BP c	280	3	30	13	41	20	—	"
BP c	300	1	—	7	33	12	1	"
BP p	260	6	67	12	9	15	12	"
BP p	280	16	4	26	3	30	—	"
BP p	300	38	—	40	1	48	3	"
BP p	330	68	—	70	1	70	3	"
CU c	120	18	—	21	—	24	1	136p
CU c	130	9	3	14	—	18	—	"
CU c	140	3	—	8	1	12	—	"
Cons. Gld c	300	80	2	90	—	95	—	377p
Cons. Gld c	330	50	21	60	—	65	—	"
Cons. Gld c	360	20	30	37	6	43	—	"
Cons. Gld c	390	7	46	16	32	27	2	"
Cons. Gld c	420	1½	15	7	10	11	3	"
Cons. Gld p	330	1½	—	8	2	17	—	"
Cons. Gld p	360	6	15	16	2	28	—	"
Ctlds. c	80	1½	19	9	20	12	—	78p
GEC c	700	330	2	—	—	—	—	£10¼
GEC c	800	230	1	230	—	270	4	"
GEC c	1000	40	—	70	5	93	—	"
GEC c	1100	4	10	30	—	58	—	"
GEC p	950	2	-	15	3	27	—	"
GEC p	1000	10	10	28	4	45	—	"
Grd Met. c	220	13	—	21	4	27	—	233p
Grd Met. c	240	2	—	9	—	15	2	"
Grd Met. p	214	2	4	6	—	8	—	"
ICI c	300	7	7	18	—	30	—	296p
ICI p	300	9	31	17	15	21	3	"
ICI c	330	36	31	41	2	44	—	"
Land Sec. c	260	13	6	24	—	32	—	270p
Land Sec. c	280	4	..	13	25	22	—	"
Shell c	390	9	54	19	—	28	1	384p
Shell c	420	2	—	10	50	18	—	"
Shell c	460	1	5	3	—	6	—	"
Shell p	390	12	—	21	13	24	—	"
		August		November		February		
Barclays c	390	6	..	17	4	22	—	376p
Barclays p	383	17	20	23	1	35	1	"
Barclays p	390	23	..	28	3	42	—	"
Imperial c	60	39½	30	—	—	—	—	99p
Imperial c	80	19½	5	21½	—	—	—	"
Imperial c	90	8½	46	12½	12	17	—	"
Imperial c	100	2½	139	7	—	10	—	"
Imperial c	110	¾	—	3½	—	5½	58	"
Imperial p	100	3½	—	3½	25	6½	9	"
Lasmo c	300	15	-	34	14	48	—	287p
Lasmo c	330	6	85	19	55	34	—	"
Lasmo c	360	3	10	11	10	22	5	"
Lonrho c	70	16	26	18	—	19	—	65p
Lonrho c	80	7½	9	10½	4	12½	—	"
Lonrho c	90	3¼	20	6	101	7½	13	"
Lonrho p	60	2	10	4	—	6	—	"
Lonrho p	90	7	2	8	—	10	—	"
P & O c	140	10	5	19½	1	23	1	148p
Racal c	390	75	4	90	—	108	—	460p
Racal c	420	45	23	65	—	82	—	"
Racal c	460	14	9	33	16	48	—	"
Racal p	420	3	—	13	2	22	—	"
RTZ c	360	40	3	55	—	60	—	389p
RTZ c	390	18	12	32	2	40	9	"
RTZ c	420	6½	3	12	6	22	—	"
RTZ c	460	1½	—	6	8	17	—	"
RTZ p	360	4	5	13	—	17	—	"
RTZ p	390	13	—	27	10	37	—	"
RTZ p	420	37	—	40	5	50	—	"
Vaal Rfs. c	40	7¾	26	9	2	11	10	$47
Vaal Rfs. c	45	3½	6	5	4	7	—	"
Vaal Rfs. p	40	¾	—	3	—	4½	10	"
Vaal Rfs. p	45	3¾	1	5½	—	6½	17	"
Vaal Rfs. p	55	9½	—	12	5	—	—	"
Vaal Rfs. p	60	14½	5	—	—	—	—	"

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	27	58A	—	—	3	82A	$350
GOLD C	$325	130	35A	98	61A	3	61	"
GOLD C	$350	919	18	93	34	13	46	"
GOLD C	$375	156	8.50A	110	21.60	—	—	"
GOLD C	$400	148	3	87	14A	—	—	"
GOLD C	$425	15	1	—	—	—	—	"
GOLD P	$300	12	1.60	185	4	8	7	"
GOLD P	$325	23	3.50	41	10	40	12B	"
GOLD P	$350	48	11B	29	17	—	—	"
GOLD P	$375	3	27B	15	32B	—	—	"
19¾ NL 81 87-91								
C	F.112.50	10	0.60	20	1	—	—	F.111.80
P	F.110	—	—	26	1.60	—	—	"
P	F.112.50	5	1.80	—	—	—	—	"
10¾ NL 80 86-95								
C	F.97.50	—	—	70	5.90	—	—	F.100.50
11¼ NL 82 88-99								
C	F.100	—	—	—	—	6	3.80	F.102.20
C	F.102.50	175	0.70	—	—	7	2.60	"
10 NL 82 86-88								
C	F.100	—	—	—	—	10	1.40	F.88.10
		July		Oct.		Jan.		
ABN C	F.280	6	1.30	6	7.50	5	10	F.281
ABN P	F.280	—	—	1	10.50	—	—	"
AKZO C	F.22.50	1	1.50	—	—	—	—	F.24.50
AKZO C	F.25	—	—	5	1.30	16	1.70	"
AKZO P	F.25	3	0.80	20	1.30	—	—	"
AMRO P	F.45	—	—	2	1.80A	1	8.10A	F.47.50
KODA C	$80	—	—	—	—	1	3⅝	$75⅛
HEIN C	F.55	10	4B	—	—	—	—	F.59
HEIN C	F.60	—	—	10	2	—	—	"
HEIN C	F.65	—	—	—	—	2	1.20	"
HOOG C	F.15	—	—	6	1.90	—	—	F.16.20
HOOG C	F.17.50	—	—	—	—	9	1.40	"
IBM C	$60	1	4¼	—	—	8	7	$64½
IBM C	$65	11	⅝	—	—	16	4¼	"
IBM P	$60	—	—	—	—	1	1¼	"
KLM C	F.80	—	—	10	13.80	—	—	F.89.70
KLM C	F.90	40	1B	7	.7	—	—	"
KLM C	F.100	—	—	2	3.80	11	6.50	"
KLM C	F.110	—	—	10	1.60	—	—	"
KLM C	F.120	—	—	—	—	3	1.60	"
KLM P	F.90	72	1.30	5	5.60	—	—	"
KLM P	F.100	40	10.80	—	—	—	—	"
NEDL C	F.110	13	3	10	7.50	—	—	F.112.60
NEDL C	F.120	—	—	5	9.80	—	—	"
NEDL P	F.110	16	0.10	10	9.50	—	—	"
NEDL P	F.120	1	7.80	—	—	—	—	"
NATN C	F.105	—	—	2	18	—	—	F.117
NATN C	F.110	—	—	6	7.50	—	—	"
NATN C	F.115	20	1.60	—	—	—	—	"
PHIL C	F.20	6	3.20	—	—	6	3.70	F.23.20
PHIL C	F.22.50	268	0.80	—	—	27	8	"
PHIL C	F.25	—	—	100	0.60	9	1	"
PHIL C	F.27.50	—	—	—	—	200	0.30	"
PHIL P	F.22.50	—	—	3	0.70	—	—	"
RD C	F.80	—	—	114	7.80	—	—	F.85.30
RD C	F.90	1	0.10	159	8	33	3.50	"
RD C	F.100	—	—	6	0.40	7	1.30	"
RD P	F.80	—	—	68	1.90	8	8.60	"
RD P	F.90	28	4.60A	—	—	1	9	"
RD P	F.100	—	—	—	—	4	18.50	"
UNIL C	F.140	8	7.70	—	—	—	—	F.147.80
UNIL C	F.150	—	—	—	—	1	5	"
UNIL P	F.150	—	—	—	—	10	6	"

TOTAL VOLUME IN CONTRACTS 3230
A=Asked B=Bid C=Call P=Put

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INTERNATIONAL COMPANIES and FINANCE

CPC hoists half-year profits 9%

BY TERRY BYLAND IN NEW YORK

THE strengthening of the U.S. dollar against European and Latin American currencies has reduced the value of second quarter sales at CPC International, the corn refiner and manufacturer of such branded foods as Knorr soups and Hellmann's mayonnaise.

But earnings rose by 9.3 per cent to $98.2m or $2.04 per share at the end of the first six months of 1982, from $89.8m or $1.88 per share.

The board expects a further rise in profits for the full year, although at a slower rate than in 1981. Last year, earnings totalled $218.4m or $4.57 a share.

Sales dipped from $1.1bn to $1bn in the second quarter but profits edged from $51.2m or $1.07 per share to $57m or $1.18 per share. Mr James W. McKee, chairman and chief executive, attributed the fall in sales in the second quarter to moderately lower selling prices in the U.S., as well as currency fluctuations. Sales for the half year are down from $2.2bn to $2.1bn.

The board said it had treated the gains achieved by swapping shares for bonds as earnings, taking in $6m.

Mr McKee said that CPC managed to reduce its interest charges by 29 per cent in the second quarter. He ascribed the strengthening of earnings in a recessionary period to the group's product mix and geographical spread.

Stress was being placed upon asset management with the aim of cutting interest charges again. Capital expenditures would be held down to about $230m this year instead of the original estimate of $280m.

In Europe, profits are recovering from the setback suffered in 1980 and the U.S. branded grocery business continues to do well. Analysts have predicted a strong second half and earnings forecasts of $245m have been mooted.

FBI looks into Penn Square's losses

By David Lascelles in New York

THE Federal Bureau of Investigation is looking into last week's collapse of Penn Square Bank, which has brought losses amounting to several hundred million dollars to other banks and depositors.

An FBI official in Oklahoma City, where Penn Square had its offices, said yesterday that criminal allegations had been made "and we are looking into them."

He would not say what the allegations were or who had made them. But he said that the FBI is required to investigate allegations of fraud in cases involving bank deposits which are insured by the Federal Deposit Insurance Corporation. The FDIC, a government agency, insures deposits of up to $100,000. However, many depositors at Penn Square had considerably more than this in their accounts.

Separately, Continental Illinois, the large Chicago bank which bore the brunt of the collapse, confirmed yesterday that its executive responsible for energy loans in the Oklahoma region had been placed on "special assignment."

The bank said Mr John Lytle "will be making himself available to bank managers and bank examiners to answer questions relating to Penn Square." Mr Lytle, 47, has been with the bank 33 years.

Penn Square collapsed after many of its loans to small and medium-sized oil and gas companies went bad because of the softening of the oil price. Continental Illinois had participated in about $1bn of these loans, and has said that the failure will cancel any profits it expected to make in the second quarter of this year. Analysts estimate its losses at at least $120m.

Sumitomo Bank launches $50m Eurobond at 15½%

BY ALAN FRIEDMAN

SUMITOMO BANK is today launching a $50m 15½ per cent seven-year Eurodollar bond, becoming the first of a group of four banks authorised last week by the Ministry of Finance to issue such paper.

The issue, which has been hotly fought for by several Euromarket houses, will be lead-managed by Sumitomo Finance International in London and Paribas in Paris. The borrowing will be achieved under the name of Sumitomo Finance, Asia, the bank's subsidiary.

The Sumitomo deal is believed to involve an interest-rate swap similar to the one engineered earlier this week for Creditanstalt Bankverein. Under the proposal, Sumitomo will take over from Paribas, the counterparty as well as a lead-manager, a block of floating rate bank debt. Sumitomo will effectively pay at the rate of the London interbank offered rate (Libor).

Paribas, in turn, will pay the 15½ per cent coupon on the Sumitomo bond, plus front-end fees and some interest. Paribas's total cost should be between 15½ and 16 per cent.

Mexico's record 18½ per cent $100m bond is expected to be priced today as indicated at par. Merrill Lynch said last night it planned to increase the size of the issue to either $125m or $150m. The Mexican Government paper was yesterday quoted at a bid price of around 98¾.

At this price the Mexican bonds yield 19.26 per cent, a spread of more than 400 basis points over Libor.

Elsewhere in the Eurodollar bond market, there was very light trading. Prices were marked ¼ point lower on the day. It was clear yesterday that the mini-rally of last Friday and this past Monday had disappeared. North American bank names are still cheap and show little sign of taging a major recovery.

In West Germany, the Euro D-Mark bond sector saw prices fall by ¼ to ½ point on average on light turnover. The new DM 200m World Bank 9½ per cent issue was quoted last night at a discount of ½ per cent.

In Zurich, dealers reported moderate trading and unchanged prices. The six-month Euro-Swiss franc deposit rate dropped ¹⁄₁₆ per cent to 5⅛ per cent.

Sohio files for $500m shelf issue

By Our New York Staff

STANDARD OIL of Ohio, the U.S. oil group which is 53 per cent owned by British Petroleum, yesterday filed a shelf registration statement with the U.S. Securities and Exchange Commission covering up to $500m of new debt securities.

Under the SEC's controversial new Rule 415, better known as the "shelf rule," a company can file a statement to sell a given amount of securities at any time during the next two years without further formalities.

Sohio is the latest major corporation to take advantage of the rule. Among the oil majors, Exxon led the way in making a shelf registration for $500m of securities.

Sohio said last night the securities would be sold in one or more offerings and terms of each series would be determined at the time of offering. It would use the proceeds for capital expenditures, retirement of short-term debt or other general corporate purposes.

Like other major oil companies, Sohio, which acquired Kennecott Corporation for $1.77bn last year, is contemplating returning to the debt market.

● Caterpillar Tractor, the world's largest manufacturer of earthmoving and construction equipment, has filed with the Securities and Exchange Commission a shelf registration for up to $250m of debt, Reuter reports from Peoria. Part of the proceeds are to be used to reduce short-term debt incurred to finance the acquisition of the Solar Turbines International division from International Harvester for $505m in cash. Funds also will be used to retire other short-term debt previously needed for working capital and for capital expenditures, and to cover a $100m bond issue which matures this November.

Mixed results for paper groups

BY OUR NEW YORK STAFF

MIXED RESULTS come from the paper industry with Fort Howard Paper turning in higher profits for the second quarter but Great Northern Nekoosa suffering a further setback over the same period.

Mr Robert Hellendale, president of Nekoosa, said the recession was continuing to affect the company, as well as the whole of the paper industry. Shipments of container board and pulp were down nearly 13 per cent in the second quarter and an additional problem had been the widespread weakness in prices. For the first half of the year, Nekoosa has earned $41.2m or $2.54 a share against $48.3m or $2.97 a year ago. Sales have dropped by 3.5 per cent to $726.1m. But in the second quarter, sales fell by 7.2 per cent and earnings dipped from $27.1m to $19.2m.

The first half benefited from an unquantified investment tax credit on the $540m Leaf River pulp mill project, said the directors.

The downturn in sales is particularly bad news for Nekoosa which managed to keep sales moving up at the beginning of this year, although profits were already under pressure as the industry struggled to cut prices at a time when costs were rising sharply.

But despite the problems of the industry, Nekoosa has remained in favour with some Wall Street analysts because of the underpinning provided for the shares by the value of the company's 2.7m acres of forest land.

The company has been obliged to cut capital spending in some areas of its business, it has pushed ahead with plans to make itself self-sufficient in energy, a goal now within sight.

Fort Howard Paper meanwhile has increased earnings from $39.7m to $44.2m or from $1.45 to $1.63 a share in the opening six months of the year on sales up from $226.7m to $256.7m. The second quarter brought in $22.4m or 83 cents a share, against $19.9m or 74 cents a year ago on sales of $136.4m against $116.1m.

MGM/UA restructures credit

CULVER CITY, CALIFORNIA — MGM/UA Entertainment said it had received commitments for a restructured bank credit of $525m.

Mr Frank Rothman, MGM/UA chairman, also said the company should have a solidly profitable fourth quarter, ending August 31.

MGM/UA, which changed its name from Metro-Goldwyn-Mayer Film in April, said the new credit would replace existing separate MGM and United Artists credit lines.

At the end of February, the combined revolving credit lines of MGM and United Artists totalled $312.86m, and unused lines amounted to $37m. Long-term debt stood at $539.85m. MGM acquired United Artists from Trans-America for $380m in July last year.

The restructured credit would bear interest at one half a point over the prime rate, and would be used for general corporate purposes and film production.

MGM/UA announced a third quarter loss of $4.4m, or 9 cents a share, compared with profits last year of $3.45m or 10 cents.

In the fourth quarter last year, MGM/UA earned about $10.5m or 30 cents a share.

MGM/UA said finalisation of the loan commitments was subject to appropriate documentation which was now in progress.

The loan commitments were arranged with a consortium of banks led by Bank of America and including Chemical Bank, Bankers Trust, Bank of New York, Manufacturers Hanover, Mellon Bank and Marine Midland Bank.

Mr Rothman said the company was moving steadily towards its goal of reducing outstanding debt.

He attributed the expected fourth quarter profit, in part, to the box office success of its two most recent film releases, Rocky III and Poltergeist.

The two movies had grossed more than $120m to date in the U.S., and had also been successful in foreign markets.

Domestic syndication revenues from Chips, the television series would total about $53m, of which 80 per cent would be reported in this year's fourth quarter. Reuter

Central Bank of Finland renegotiates credit facility

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

THE CENTRAL BANK of Finland is again renegotiating its $600m standby credit facility with North American banks to achieve more favourable conditions.

Led by Bank of America International and Morgan Guaranty, the credit, which is intended to assist the bank in managing its external liquidity, will bear a commitment fee of only ⅛ per cent instead of the ⅛ per cent set when it was last renegotiated in 1980.

The margins charged on drawings on the credit are also being reduced, but in renegotiation, the credit has become more complex and the traditional tranche priced at a margin over Eurodollar rates has been dropped altogether.

Instead of its previous eight year maturity, the credit will bear a life of five years, extendable for a further three at the lenders' option.

Funds will be made available at a margin of ⅛ per cent over U.S. prime rate compared with ⅜ per cent previously but this margin will rise to ½ per cent if the credit is extended.

Alternatively lenders may contribute funds at a margin of 80 basis points over the adjusted rate for U.S. certificates of deposit, rising to 85 points if the credit is extended.

The credit thus bears a particularly fashionable flavour insofar as Eurodollar-based lending has become much less popular in the Eurocredit market recently.

Bankers yesterday stressed the standby nature of the operation. If Finland actually needed to draw on the credit it would most likely happen at a time when international markets were in turmoil, and U.S. domestic funding is considered more secure.

Mead plunges into the red in second quarter

By Our New York Staff

MEAD, the forest products company, has plunged into the red in the second quarter, a fate from which it was only saved in the first three months by special gains on tax benefits sales. The directors expect "limited improvement" in its major markets during the balance of the year, but made no forecast of earnings yesterday.

For the whole of fiscal 1981 Mead, of Dayton, Ohio, earned $106.9m or $4 a share on sales of $2.9bn.

A net loss of $1m or 4 cents a share in the second quarter, against a profit of $35.9m or $1.34 a share, followed a slip in sales from $755.5m to $703.7m. For the first half of the year, Mead now shows earnings of $12.8m or 47 cents a share compared with $66.9m or $2.49 a share a year ago. Half-year sales were down from $1.43bn to $1.39bn.

Japex confirms interest in Dome assets

By Robert Gibbens in Montreal

JAPEX CANADA, the subsidiary of the Government-controlled Japan Exploration company, has confirmed that it has examined details of oil and gas properties outside Canada put up for sale by Dome Petroleum.

Japex is believed to be interested in Dome's Indonesian oil and gas assets, but said in Calgary that no decision has yet been made.

Other Japanese interests are also believed to be examining Dome's international properties. National Oil Company of Japan may be among these. Dome borrowed C$469m (US$320m) from National Oil of Japan in 1980 to help finance exploration work in the Beaufort Sea.

Canada Trust lifts earnings

By Our Montreal Correspondent

CANADA TRUST Mortgage Corporation, Canada's second largest trust company, reports second quarter earnings of C$7.0m (U.S.$6.2m) or 65 cents a share compared with C$7.4m or 73 cents a share in 1981. First-half earnings were C$14.2m or C$1.09 a share, against C$14.7m or C$1.47 a share previously.

Special factors maintain Westinghouse profits

BY TERRY BYLAND IN NEW YORK

THE RECESSION in world industry is beginning to bite at Westinghouse Electric, the electrical equipment makers, but special factors have held net profits steady.

Higher sales in the broadcasting and cable television unit in the first half have helped to offset the weakening demand for the group's power systems and industrial products, said the board.

Net earnings for the half stand at $234.8m, or $2.72 a share, compared with $230.3m, or $2.69, on revenues of $4.61bn, against $4.56bn. However, last year's first half took in a 17 cents gain on a disposal in Europe.

The second quarter brought net of $110.4m or $1.28 a share, against $111.8m or $1.31 a share. This year's period includes $32.6m from the sale of tax benefits. Revenue edged up from $2.35bn to $2.47bn.

Westinghouse stepped up its commitment to cable television last August, when it paid $646m for Teleprompter, a deal which shaved 32 cents off 1981 profits. It has allotted more than 35 per cent of this year's capital budget to cable upgrading and expansion.

However, with the bulk of revenues — $6.4bn out of $9.4bn last year — still coming from power systems and industrial products, there can be little recovery in the short term until the recession shows signs of abating.

Last year's net earnings of $438m on sales of $9.37bn were a record. Mr Robert Kirby, chairman, has described the Teleprompter purchase as "the most important acquisition in our history, requiring a significant use of funds." However, he also stressed that the company's balance sheet remains strong.

Strong growth at Baxter Travenol

By Our New York Staff

BAXTER TRAVENOL, the medical products group which has a commanding position in the U.S. market for kidney dialysis machines, has continued to forge ahead strongly.

Earnings for the six months are 23 per cent up from $68.6m or 98 cents a share to $84.4m or $1.19 a share, which comfortably outstrips analysts' forecasts for the full year. Sales climbed from $727.7m to $804.9m. In fiscal 1981 Baxter Travenol, which has grown rapidly throughout the past decade, turned in record earnings of $150.6m or $2.15 a share.

Baxter maintained its pace of growth in the second quarter with a 24 per cent gain in earnings, from $35.2m to $43.8m—or from 50 to 62 cents a share—and an 11 per cent rise in sales from $380m to $423.1m.

Lower first half for Time Inc

By Our Financial Staff

A DOWNTURN in its magazine, book publishing and forest product operations has left Time Inc with slightly lower first half earnings.

Second quarter profits of $47m or 75 cents a share against $49.24m or 80 cents left first half figures at $74.71m or $1.18 a share compared with $76.04m or $1.23. Second quarter revenues were $906.5m against $841.6m bringing first half revenues to $1.71bn compared with $1.57bn.

Last year's figures included losses of $2.7m in the second quarter and $16.6m in the first half from discontinued operations.

NORTH AMERICAN QUARTERLY RESULTS

BANCAL TRI-STATE

	1982 $	1981 $
Second quarter		
Net profits	1.06m	2.35m
Net per share	0.22	0.60
Six months		
Net profits	2.96m	6.64m
Net per share	0.61	1.40

BARNETT BANKS FLORIDA

	1982 $	1981 $
Second quarter		
Net profits	16.16m	11.21m
Net per share	0.98	0.85
Six months		
Net profits	31.46m	21.81m
Net per share	1.92	1.65

COLT INDUSTRIES

	1982 $	1981 $
Second quarter		
Revenue	424.1m	425.8m
Net profits	28.17m	39.35m
Net per share	1.10	1.42
Six months		
Revenue	843.9m	915.8m
Net profits	53.65m	80.32m
Net per share	2.06	2.91

CONSOLIDATED OIL & GAS

	1982 $	1981 $
Second quarter		
Revenue	10.0m	12.8m
Net profits	†140,000	1.7m
Net per share	†0.01	0.15
Six months		
Revenue	21.5m	24.4m
Net profits	†2.0m	2.7m
Net per share	†0.23	0.32

† Loss

DIAMOND SHAMROCK

	1982 $	1981 $
Second quarter		
Revenue	857.7m	810.4m
Net profits	31.33m	55.25m
Net per share	0.51	0.88
Six months		
Revenue	1.65bn	1.62bn
Net profits	61.08m	116.0m
Net per share	0.96	1.85

DOVER CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	282.45m	262.74m
Net profits	24.07m	25.42m
Net per share	0.67	0.71
Six months		
Revenue	546.07m	498.71m
Net profits	50.45m	46.79m
Net per share	1.41	1.31

FEDERAL NATIONAL MORTGAGE

	1982 $	1981 $
Second quarter		
Net profits	†43.1m	†16.5m
Net per share	†0.73	†0.31
Six months		
Net profits	†86.0m	†40.1m
Net per share	†1.45	†0.68

† Loss

FIRST FLORIDA BANKS

	1982 $	1981 $
Second quarter		
Net profits	6.90m	5.25m
Net per share	0.45	0.39
Six months		
Net profits	12.3m	10.5m
Net per share	0.84	0.79

FLEET FINANCIAL GROUP

	1982 $	1981 $
Second quarter		
Net profits	9.3m	7.82m
Net per share	1.00	1.28
Six months		
Net profits	19.4m	16.5m
Net per share	2.13	2.69

GANNETT

	1982 $	1981 $
Second quarter		
Revenue	384.4m	349.5m
Net profits	50.3m	46.6m
Net per share	0.95	0.96
Six months		
Revenue	723.3m	654.3m
Net profits	81.9m	76.8m
Net per share	1.54	1.41

HILTON HOTELS

	1982 $	1981 $
Second quarter		
Revenue	161.4m	150.5m
Net profits	23.23m	29.97m
Net per share	0.87	1.12
Six months		
Revenue	316.9m	307.7m
Net profits	43.25m	56.35m
Net per share	1.63	2.14

HUNTINGTON BANCSHARES

	1982 $	1981 $
Second quarter		
Net profits	8.59m	6.48m
Net per share	1.39	1.29
Six months		
Net profits	14.0m	13.2m
Net per share	2.77	2.64

INSILCO CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	199.6m	181.5m
Net profits	7.45m	10.55m
Net per share	0.43	0.65
Six months		
Revenue	359.0m	341.0m
Net profits	14.1m	19.5m
Net per share	0.81	1.17

MCI COMMUNICATION

	1982-83 $	1981-82 $
First quarter		
Revenue	185.1m	93.0m
Net profits	26.49m	10.88m
Net per share	0.75	0.19

NCNB CORPORATION

	1982 $	1981 $
Second quarter		
Net profits	15.31m	12.59m
Net per share	0.73	0.63
Six months		
Net profits	31.79m	27.41m
Net per share	1.42	1.35

NORSTAR BANCORP

	1982 $	1981 $
Second quarter		
Net profits	10.64m	7.23m
Net per share	1.27	1.07
Six months		
Net profits	21.22m	13.70m
Net per share	2.53	2.21

PROVIDENT NATIONAL

	1982 $	1981 $
Second quarter		
Net profits	9.35m	8.51m
Net per share	1.10	0.99
Six months		
Net profits	19.14m	16.9m
Net per share	2.19	1.97

ROWAN COMPANIES INC.

	1982 $	1981 $
Second quarter		
Revenue	96.3m	76.2m
Net profits	32.4m	22.3m
Net per share	0.64	0.47
Six months		
Revenue	204.9m	140.6m
Net profits	75.6m	41.7m
Net per share	1.51	0.88

A. O. SMITH CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	167.0m	222.3m
Net profits	[illegible]	[illegible]
Net per share	†0.75	1.10
Six months		
Revenue	353.9m	437.4m
Net profits	†10.55m	8.0m
Net per share	†2.15	1.75

† Loss

SOUTHWEST BANCSHARES

	1982 $	1981 $
Second quarter		
Net profits	16.36m	12.53m
Net per share	1.12	0.90
Six months		
Net profits	[illegible]	24.1m
Net per share	2.19	1.80

SQUARE D COMPANY

	1982 $	1981 $
Second quarter		
Revenue	279.5m	330.1m
Net profits	18.42m	26.20m
Net per share	0.77	1.04
Six months		
Revenue	540.7m	633.1m
Net profits	37.50m	49.90m
Net per share	1.57	1.80

TELEDYNE

	1982 $	1981 $
Second quarter		
Revenue	[illegible]	829.3m
Net profits	77.7m	120.1m
Net per share	3.79	5.84
Six months		
Revenue	1.54bn	1.63bn
Net profits	155.9m	218.0m
Net per share	7.15	10.15

TELEFLEX

	1982 $	1981 $
Second quarter		
Revenue	30.23m	27.10m
Net profits	2.26m	2.23m
Net per share	0.50	0.52
Six months		
Revenue	57.04m	52.14m
Net profits	4.25m	3.6m
Net per share	[illegible]	[illegible]

TEXAS AMERICAN BANCSHARES

	1982 $	1981 $
Second quarter		
Net profits	[illegible]	17.41m
Net per share	1.27	1.13
Six months		
Net profits	21.31m	[illegible]
Net per share	[illegible]	[illegible]

THRIFTY CORPORATION

	1981-82 $	1980-81 $
Third quarter		
Revenue	298.6m	250.2m
Net profits	2.99m	3.28m
Net per share	0.30	0.33
Nine months		
Revenue	925.1m	780.1m
Net profits	14.52m	15.05m
Net per share	1.46	1.53

TRUST COMPANY OF GEORGIA

	1982 $	1981 $
Second quarter		
Net profits	14.9m	12.1m
Net per share	1.54	1.24
Six months		
Net profits	29.0m	24.7m
Net per share	2.28	2.48

U.S. HOME CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	223.4m	270.8m
Net profits	2.19m	5.19m
Net per share	0.27	0.36
Six months		
Revenue	393.7m	560.5m
Net profits	2.77m	16.7m
Net per share	0.18	1.15

WALGREEN CO.

	1981-82 $	1980-81 $
Third quarter		
Revenue	504.9m	424.0m
Net profits	12.4m	9.73m
Net per share	0.62	0.57
Nine months		
Revenue	1.50bn	1.30bn
Net profits	33.6m	32.5m
Net per share	2.04	2.26

WESTINGHOUSE CANADA

	1981 C$	1982 C$
Second quarter		
Revenue	191.7m	164.9m
Net profits	7.2m	5.9m
Net per share	2.67	2.20
Six months		
Revenue	371.3m	316.8m
Net profits	13.0m	12.0m
Net per share	5.02	4.83

WHIRLPOOL CORPORATION

	1982 $	1981 $
Second quarter		
Revenue	607.5m	732.9m
Net profits	36.2m	36.1m
Net per share	1.00	1.00
Six months		
Revenue	1.19bn	1.29bn
Net profits	64.4m	67.7m
Net per share	1.78	1.67

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 14

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 86/97	150	102⅞	103⅜	−0⅛	+1⅞	13.81
Amax Int. Fin. 16¼ 92	75	97¼	97¾	−0⅛	+0½	16.73
Amex O/S Fin. 14⅞ 89	75	94⅛	94⅞	−0¼	+0⅞	15.54
ATT 14⅛ 83	400	103⅛	103⅝	−0¼	+1⅜	13.41
Baker Int. Fin. 0.0 92	225	25¼	26¼	−0¼	−0⅛	15.04
BHP Finance 14¾ 89	160	95⅛	95⅝	−0⅛	+0¼	15.87
Bk. Amer. NT SA 12 87	200	90½	91	−0¼	+0⅞	14.80
Bk. Montreal 14½ 87	100	93⅞	94⅛	−0½	−1⅛	16.30
Bque. Indo Suez 15 89	100	95¾	96¼	−0⅞	+1	15.97
British Col. Hyd. 14¾ 89	200	97⅛	97⅝	−0⅛	+1⅛	15.30
Burroughs Int. 15¾ 88	50	99⅞	100⅛	−0⅛	+0⅞	15.66
Canada 14⅞ 87	750	97½	98	−0½	+0⅞	15.03
Canadair 15½ 87	150	99⅞	100⅜	−0¼	+0⅞	15.38
Canadian Pac. 14⅞ 92	75	94⅛	94⅞	−0⅛	+0⅛	15.71
Carolina Power 16½ 88	60	101⅛	101⅝	−0¼	+0⅞	18.07
CIAC 16 87	100	97⅜	97⅞	−0⅛	−2⅞	16.68
Citicorp O/S 15 84/92	100	99⅝	100⅛	−0⅛	−0⅛	14.95
Citicorp O/S 15½ 85/97	125	100	100½	−0⅛	+0¼	16.25
CHA 15⅞ 97	75	96⅞	96⅞	−0⅛	+1	16.45
Con. Illinois 15¾ 89	100	97⅝	98⅛	−0⅛	−2⅞	16.23
Duke Pwr. O/S 15½ 89	60	95¼	96¼	−0¼	+1⅛	16.47
Dupont O/S Cap. 0.0 90	300	34⅞	35⅛	−0⅛	+0⅛	14.92
ECSC 14¾ 87 (April)	80	96⅝	97⅛	−0¼	+0⅛	16.59
EIB 15½ 89	150	99	99½	−0½	+0½	15.63
Eksportfinans 14½ 89	50	96¼	96¾	−0¼	+1⅛	15.32
Gen. Elec. Credit 0.0 92	400	27⅞	28⅜	−0¼	+0⅛	14.25
Gen. Elec. Credit 0.0 93	400	23¾	24¼	−0⅛	+0⅛	14.42
Getty Oil Int. 14 89	125	97½	98⅜	+0⅛	+1⅞	14.41
GMAC O/S Fin. 16 88	150	101	101⅛	−0⅛	+0⅛	15.57
GMAC O/S 15¾ 85/97	100	98⅝	99⅛	−0⅛	+0⅛	15.62
GMAC O/S Fin. 15 89	125	97⅜	97⅞	−0⅛	+1⅛	15.55
GMAC O/S Fin. 15 87	100	99⅜	99⅞	−0⅛	+1⅛	15.07
Gulf Canada Ltd 14¾ 92	100	96⅞	96⅞	−0⅛	+1	16.50
Gulf Oil 14¼ 94	175	97½	98	−0⅛	+0½	14.63
Gulf Oil Fin. 0.0 92	300	27	27½	−0¼	+0½	14.45
Gulf States O/S 16 90	60	†94¾	95¾	−0⅛	−0⅛	17.16
Int.-Am. Dv. Bk. 15⅛ 87	55	97⅛	97½	−0⅛	+1⅞	15.73
Japan Dev. Bk. 15½ 87	50	101¾	102¼	−0⅛	+0½	14.79
New Brunswick 16¼ 89	75	101⅛	102	−0¼	+1⅞	15.74
Ontario Hydro 14⅝ 89	150	97⅞	98⅜	−0¼	+1	15.17
Pac. Gas & El. 15½ 89	45	100⅝	101⅛	−0½	+1¼	15.23
Phillips Petrol 14 89	200	96	96½	−0⅛	+1⅛	14.88
R. J. Rynlds. O/S 0.0 92	400	26⅞	27⅛	−0⅛	+0⅛	14.62
Saskatchewan 16 89	125	101½	102	−0⅛	+1	19.50
Shell Canada 14⅞ 92	125	95½	96	−0⅛	+0⅛	15.27
Soair 15¾ 87	100	98⅛	98⅞	−0⅛	−0⅛	16.11
Superior O/S Fin. 14 89	125	94⅞	95½	0	+1	15.23
Swed. Exp. Cr. 15¾ 89	100	97⅞	98⅜	−0⅛	+0⅛	15.73
Swed. Exp. Cr. 14¾ 90	100	93½	94	−0⅛	+0⅛	16.18
Swed. Exp. Cr. 0.0 94	200	19⅛	19⅝	−0⅛	−0⅛	15.12
Texas Eastern 15¾ 89	60	100⅛	100⅝	−0½	−0⅛	15.60
Union Carbide 14¾ 89	160	98⅝	99⅛	−0⅛	+1⅞	14.98
Wells Fargo I. F. 15 87	75	98⅛	98⅝	−0⅛	+0½	15.44
World Bank 14⅝ 87	500	96⅛	96⅝	−0⅛	+1⅛	15.28
World Bank 15¾ 88	250	99¼	99¾	−0⅛	+1⅛	15.32

Average price changes .. On day −0⅛ on week +0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 9¾ 92	150	98⅛	98⅞	−0⅛	+0⅛	9.46
Australia 9⅞ 91	200	103	103½	0	+0⅛	8.80
Austria 8⅛ 92	100	94⅞	95⅛	−0⅛	+0¼	9.14
Barclays O/S In. 8¾ 94	100	95⅜	95¾	−0⅛	+0⅛	9.00
Bowater Int. Fin. 8½ 89	50	95¼	95⅞	−0⅛	−0½	9.41
Canada 8½ 89	200	102	102½	+0⅛	+1	8.05
Como. Tel Esp. 10½ 92	100	100½	101	−0⅛	−0⅛	10.35
Cred. Foncier 8¾ 92	100	95¾	96¼	−0⅛	−0⅛	8.38
Denmark 10⅛ 92	100	†102⅛	103	+0⅛	+0⅛	9.66
EDF 9⅞ 92	100	†100⅞	101⅜	+0⅛	+0⅛	9.74
EIB 8½ 92	100	94⅞	96⅛	−0⅛	+0¼	8.14
Int.-Am. Dev. Bk. 9 92	150	96¾	97¼	−0⅛	−0⅛	8.47
Nacnl. Financiera 11 90	150	96⅝	97	−0⅛	0	11.61
Norsk Hydro 8½ 92	100	97⅞	98⅛	−0⅛	+0⅛	8.79
Philips Lamps 8½ 92	100	97⅞	98⅜	−0⅛	+0⅛	8.79
Philip Morris 8¾ 90	100	99½	100	−0⅛	0	8.29
Quebec 10⅛ 92	150	102⅞	103¼	−0⅛	+0⅛	8.61
Renfe 10 92	100	99⅞	100⅜	−0⅛	+0⅛	9.97
SNCF 8¾ 92	100	95½	96	−0⅛	−0⅛	9.29
Tauernautobahn 8⅛ 94	50	†101⅛	102½	−0¼	0	8.57
Tenneco Int. 9 92	100	97½	98	−0⅛	−0⅛	8.35
World Bank 9½ 89	100	100⅛	100⅝	0	+0⅛	8.28
World Bank 8½ 92	200	94⅞	95⅜	−0⅛	0	9.27

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6½ 92	100	100⅞	101⅛	0	+0⅞	6.11
Asian Dev. Bank 7 92	100	101⅞	102⅜	+0⅛	+1	6.71
Ausalpa 7¾ 92	80	98¼	98½	+0⅛	+1½	7.99
Australia 6½ 94	100	104½	104¾	+0⅛	+0⅛	5.84
BNP 6¾ 92	100	97⅛	97½	+0⅛	+0⅛	7.13
Cse. Nat. l'Energie 7 92	100	100⅞	101⅛	+0⅛	0	6.85
CFE-Mexico 8¼ 92	50	97⅞	98¼	+0⅛	+1¼	8.55
Co-op. Denmark 8⅛ 92	25	104⅞	105⅛	0	+0½	7.62
Crown Zellerbach 6¾ 92	100	99⅝	99⅞	0	0	5.78
Europarat 7¾ 92	100	100⅛	101	−0⅛	+0⅛	7.12
Ind. Fund Finland 6¾ 92	30	98¼	99	−0⅛	−0⅛	6.94
Japan Dev. Bank 6 94	100	100⅛	100⅝	−0⅛	+1	5.94
Kobe City 6½ 92	100	100½	101⅛	0	+0⅛	0.00
Kommunlane 7¼ 92	35	101	101½	+0⅛	+0⅛	7.06
Lonrho Int. Fin. 7½ 92	80	98⅞	99⅜	−0⅛	0	8.23
Mitsui OSK 6½ 92	100	99⅞	100⅛	−0⅛	+0⅛	6.50
Nafinsa 8⅛ 92	80	94	94½	−0⅛	−0⅛	9.15
New Zealand 6 92	100	101	101½	−0⅛	+0⅛	5.85
Philip Morris 6½ 92	100	102	102½	+0⅛	+0⅛	8.18
Philip Morris 6¾ 94	100	101⅛	101⅝	0	+0⅛	6.06
Renfe 7¾ 92	80	97¼	97½	+0⅛	+0⅛	8.14
Sekisui Pre. 5¾ 92 WW	70	103⅞	104⅛	−0⅛	+0⅛	5.21
Soc. Lux. de Cnt. 8¼ 92	80	105⅝	105⅞	+0⅛	−0⅛	7.20
Svenska Handels. 6¾ 92	100	98½	99⅛	+1⅛	+0½	7.00
Tirolar Wasser 6⅞ 92	100	97⅛	97⅝	+0⅛	+1	6.89
Vorarlberg Kraft 6¾ 92	50	102⅛	102⅝	+0⅛	−0⅛	6.39

Average price changes... On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¾ 92	15	97⅛	98⅛	0	+0⅛	8.59
Int.-Amer. Dev. 8⅞ 91	15	100⅛	101⅛	0	−0⅛	8.86
Japan Airlines 7⅞ 87	9	95¼	95½	0	+0⅛	8.08
New Zealand 8½ 87	15	99⅝	100⅛	0	+0⅛	8.37
World Bank 8½ 92	20	98⅝	99⅛	0	+0⅛	8.52

Average price changes... On day 0 on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†97	97½	−0¼	+0¼	16.65
Can. Pac. S. 16½ 89 C$	50	†98	98½	+0¼	+1	16.77
Crd. Foncier 17¼ 89 C$	30	†98½	99	0	−0¼	17.39
Gaz Metro. 17½ 90 C$	20	†97¼	98	+0⅛	+0⅛	17.75
OKB 16¾ 88 C$	63	†97¼	97¾	0	+0¼	16.93
Q. Hyd. 16½ 89 (My) C$	50	†99	99½	0	−0¼	16.65
Quebec Prov. 16½ 89 C$	50	†98⅛	99¼	0	−0⅛	16.58
U. Bk. Nwy. 9½ 90 EUA	18	92½	93¼	0	+0¼	10.85
Amro Bank 10 87 Fl	150	100¼	100¾	+0½	+1⅛	9.88
Bk. Mees & H. 10 87 Fl	75	98	98½	−0¼	+0⅛	10.46
Eurofima 10½ 89 Fl	50	100⅛	100⅝	−0⅛	+0⅛	10.40
Ireland 10½ 87 Fl	75	98⅛	98⅝	−0⅛	[illegible]	10.91
Phil. Lamps 10¼ 87 Fl	100	100⅝	101⅛	−0⅛	+1	9.99
World Bank 10 87 Fl	150	98	98½	−0⅛	+0⅛	10.46
OKB 14 88 FFr	400	92⅞	93⅛	+0⅛	+0⅞	16.54
Solvay et C. 14¾ 86 FFr	200	92½	93½	+0⅛	+0⅛	17.39
Beneficial 14¼ 90 £ (D)	20	87⅜	88½	0	+0⅞	15.94
BFCE 14½ 87 £	30	99⅞	99⅞	−0½	+0⅛	14.60
BNP 13½ 91 £	15	94⅞	95⅛	0	+0⅛	14.51
CECA 13½ 88 £	20	95⅜	96⅛	−0⅛	+0⅛	14.53
Fin. Ex. Cred. 13¾ 86 £	15	97⅞	98⅛	0	+0½	14.56
Gen. Elec. Co. 12½ 89 £	50	94⅞	95⅛	−0⅛	+1⅛	13.75
Hiram Walker 14½ 86 £	25	98⅜	99⅛	0	+0⅛	14.60
Norsk Hydro 14½ 87 £	30	99⅛	99⅝	−0⅛	+0⅛	14.64
Privatbanken 14½ 88 £	12	96⅞	97⅛	+0⅛	+1⅛	15.20
Quebec 15½ 87 £	35	102⅞	103	−0⅛	+0⅛	14.63
Reed (Nd) NV 16⅛ 88 £	25	105	106	+0⅛	+1⅛	15.30
Royal Trustco 14 86 £	12	98⅞	99⅝	0	+0⅛	14.15
SDR France 15½ 92 £	30	100⅛	101	−0⅛	+0⅛	15.33
Swed. Ex. Cr. 13⅝ 86 £	20	98⅛	99⅛	−0⅛	+0¼	14.18
Eurofima 10⅛ 87 LuxFr	500	95½	96⅛	+0⅛	+0⅛	11.50
EIB 9¾ 88 LuxFr	600	92⅝	93⅝	0	0	11.46

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5¼ 91 (D)	0⅛	99	99½	8/12	15¼	16.37
Bk. Nova Scotia 5¼ 93	0⅛	98½	99	29/10	15⅛	15.32
BFCE 5¼ 88	0⅛	98⅞	99⅛	28/10	15	15.17
BFCE 5¼ 87	0¼	99⅛	99⅝	27/7	16¼	16.33
BNP 5¼ 89 WW	0⅛	*†98⅝	98⅞	8/11	15.18	15.46
Caisse Nat. Tels. 5¼ 90	0¼	99	99½	21/10	15¼	15.87
CCCE 5¼ 2002	0⅛	88¼	98¼	11/12	15⅛	15.61
CEPME 5¼ 92	0⅛	99⅛	99⅜	10/12	15.44	15.56
Chemical NY 5¼ 94	‡0¼	99⅛	99⅝	23/9	16.89	16.79
CIBC 5¼ 94	0¼	†97	97½	15/7	5¼	5.40
Cont. Illinois 5¼ 94	‡0¼	99⅞	100⅛	24/9	16⅛	16.40
Credit Agricole 5¼ 97	0¼	99	99½	24/8	15.44	15.56
Credit du Nord 5¼ 92	0⅛	99⅛	99⅜	23/12	15.81	16.90
Credit Lyonnais 5¼ 97	0⅛	99¼	99¾	1/10	16	16.08
Credit Lyonnais 5¼ 94	0¼	99⅞	100⅛	1/1	16.98	18.92
Credit Nat. 5¼ 94	‡0¼	98⅜	98⅞	9/9	14.69	14.91
Ireland 5¼ 89/94	0¼	†98⅛	98⅝	25/11	14⅝	14.97
Kansallis Osake 5½ 92	0¼	99⅛	99⅝	8/11	15.31	15.41
Lloyds Eurofin 5¼ 93	§0⅛	98⅞	99⅛	29/10	17⅛	17.28
Long Term Cred. 5¼ 92	0⅛	99	99½	29/11	14⅝	14.89
J. P. Morgan 5¼ 97	§0⅛	98⅜	98⅞	12/8	14⅝	14.77
Nat. West. Fin. 5¼ 91	§0⅛	99⅛	99⅜	15/7	15.18	15.28
New Zealand 5¼ 87	0⅛	99¼	99¾	7/10	15.56	15.64
Nippon Credit 5¼ 90	0½	99	99½	10/8	15.06	18.18
Offshore Mining 5¼ 91	0¼	98⅜	99¼	2/12	14.19	14.33
PKbanken 5 91	0⅛	99	99½	17/12	15.81	15.93
Scotland Int. 5¼ 92	0⅛	98⅛	99	23/9	15⅛	15.57
Sec. Pacific 5¼ 91	0⅛	98⅞	99⅛	24/11	15	15.13
Societe Generale 5¼ 95	0⅛	99	99½	1/9	15.31	15.42
Standard Chart. 5¼ 91	0⅛	98⅜	98⅞	18/11	14⅞	15.08
Sweden 5¼ 89	0⅛	99⅛	99⅜	26/8	15.31	15.41
Toronto Domin'n 5¼ 92	0⅛	98½	99	11/9	16⅞	16.58

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5¼ 96	7/81	933	84½	85⅛	−1½	8.94
Bow Valley Inv. 8 95	4/81	23.12	95	96½	−0½	71.96
Bridgestone Tire 5½ 96	3/82	470	83⅞	84⅞	0	0.80
Canon 6¾ 95	1/81	829	84	85¾	−2¼	14.85
Canon 7 97	7/82	748.2	92½	94	−2½	−1.60
Chugai Pharm. 7¼ 96	7/82	709.6	99¾	100⅛	+1⅞	7.24
Fujitsu Fanuc 4½ 96	10/81	5641	76⅛	78⅛	−2	12.27
Furukawa Elec. 5¼ 96	7/81	300	78	79½	0	−11.87
Hitachi Cable 5⅛ 96	2/82	515	78⅛	80⅛	−2⅛	1.93
Hitachi Cred. Cpn. 5 96	7/81	1612	73¾	75½	−1⅞	12.90
Honda Motor 5½ 97	3/82	841	83	84½	−1	3.24
Kawasaki 5¼ 96	9/81	229	62	63½	−1	19.21
Marui 6 96	7/81	846.4	94	95½	−0½	2.81
Minolta Camera 5 96	10/81	826.4	61	62½	+0⅛	33.60
Minorco 9¾ 97	5/82	8.15	†78	80	+2⅛	21.67
Murata 6¼ 96	7/81	2168	66⅛	67½	−0⅛	17.83
NKK 6½ 95	7/81	188	72⅞	74¼	+0¼	−17.67
Nippon Chemi-C. 5 91	10/81	919	†70	72	−1	42.60
Nippon Electric 5¼ 97	2/82	846	85	86½	−2	5.55
Orient Finance 5¼ 97	3/82	1205	85⅞	86¼	+0⅛	10.10
Sanyo Electric 5 96	10/81	652	62½	64	−0½	15.23
Sumitomo Elec. 5½ 97	3/82	677.3	81½	83	−0⅛	7.44
Sumitomo Met. 5¼ 96	10/81	296.1	60½	62	−0½	40.38
Swiss Bk. Cpn. 6¼ 90	9/80	191	73	75	0	31.85
Konishiroku 6 90 DM	2/82	585	99	100	−1	4.18
Mitsubishi H. 6 89 DM	2/82	263	90⅛	90⅞	+0¼	34.20

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL COMPANIES and FINANCE

Philips to buy part of Bauknecht

BY STEWART FLEMING IN FRANKFURT

THE West German subsidiary of Philips, the leading European electrical concern, wants to participate in plans to rescue the important household appliance division of the financially troubled Bauknecht home equipment group.

Bauknecht, a privately owned company which is a major German producer of kitchen equipment, had to apply to the courts for protection from its creditors in May of this year.

The company had debts to international and domestic banks of several hundred million dollars—detailed figures have not been disclosed. It had failed in an attempt to persuade the banks to write off loans of DM 70m ($28.3m) and also advance a further DM 100m in new credit.

Philips plans to take a minority stake in either one or two new companies which will be formed to take over Bauknecht's white goods operations. Its products include refrigerators, washing machines and dishwashing machines. The majority holders in the new companies will be Bauknecht's banking creditors.

It is not yet clear whether a separate company will be set up to cover Bauknecht's domestic business and one for its international operations, or whether the white goods operations being acquired will all be brought under one roof.

The move gives Philips, which has a joint venture in Germany with Bauknecht, an opportunity to strengthen its German operations. Philips was unable to say what proportion of Bauknecht's sales revenues of about DM 1.6bn annually, are involved in the proposal. The white goods division is Bauknecht's major business and sales revenues will therefore amount to several hundred million Marks.

Bauknecht itself will not be a shareholder in the new business. Disposing of the white goods operation is however expected to make a positive contribution to the restructuring of the other Bauknecht divisions. These include the manufacture of built-in kitchens, of electric motors and of heat pumps and electric storage heaters.

Receiver appointed to Irish brewer

By Brendan Keenan in Dublin

MURPHY'S, the Irish brewer which last year ran up a loss of I£3m ($2.14m), has been put into the hands of a receiver.

Based in Cork and famous in the south of Ireland for Murphy's Stout—which competes directly with Guinness—the company has for some time been trying to raise new capital.

Murphy's has some 1,200 shareholders, mostly Cork and Dublin publicans. Reports from Cork suggest that some of them are now prepared to put fresh funds into the company.

It is also understood that Heineken, the Danish brewer, whose expanding lager market in the Irish Republic is handled by Murphy's, is willing to take a minority shareholding in the company.

The prime cause of Murphy's downfall is a I£1.7m bottling plant for mixer drinks. This came on stream just as Irish spirit sales suffered a 20 per cent. drop as drinkers reeled under the impact of successive harsh budgets.

Murphy's scattered ownership stems from a previous crisis in 1974 when local publicans stepped in to save the company. They were unwilling to let it go earlier this year when rival brewery Beamish and Crawford made a take-over bid.

Porsche expects record sales

By Our Financial Staff

PORSCHE says sales will reach a record level of DM 1.45bn ($587m) in the fiscal year ending this month—up 25 per cent on the previous year.

The high-performance car maker, which is family-held, posted a preliminary earnings figure of more than DM 20m for 1981-82, against DM 10m for the previous year. Production rose by 14.2 per cent to 32,000 cars.

Capital spending was DM 120m, compared with DM 80m in 1980-81.

Neue Heimat plans drastic cuts

BY OUR FRANKFURT STAFF

A WARNING that Neue Heimat, the trade union owned building company, will have to cut drastically both its commercial and social building activities came yesterday from Dr Diether Hoffman, the company's chief executive.

Last week the company, which owes banks between DM 4bn and DM 5bn ($2bn) met banking representatives in Frankfurt. It had already been disclosed that West Germany's trade unions had agreed to pump DM 350m into Neue Heimat Städtebau, the commercial building subsidiary of the group. It is recognised that the social housing division may also need extra capital.

Dr Hoffman said the company's bankers had reacted favourably to the plans for reorganising Neue Heimat. Provided continued support from the trade unions was forthcoming, he said, he was optimistic about the company's ability to overcome its financial difficulties.

Neue Heimat had been building too many houses, he said. In future, in normal conditions, it would aim to build between 5,000 and 8,000 houses a year, instead of 12,000. This year less than 5,000 would be built.

The company planned to build more for sale instead of for rent. It would also seek to sell some of its houses to tenants.

Neue Heimat Stadtebau had suffered serious problems in Mexico, Brazil and France, said Dr Hoffman. In those regions there would be considerable setbacks. The company would in future concentrate in West Germany and would cut considerably its overseas business.

Dr Hoffman's plans for Neue Heimat are likely to prove controversial in some sections of the trade union movement, particularly his proposals to sell rented accommodation to tenants and to build more private housing.

● Deutsche Lufthansa expects to make a profit in 1982 if the favourable developments of the first five months continue, the annual meeting was told yesterday. Results in the first five months of this year were better than planned and better than the same 1981 period.

Why foreign banks are of little account in Japan

While the Japanese economy has been growing fast for 20 years profitable business opportunities for overseas bankers have tended to shrink, reports Charles Smith from Tokyo.

THE FREEING of international trade in services emerged ahead of the economic summit at Versailles this summer as a new bone of contention between Japan and the U.S. By services the Americans mean mainly the three areas of banking, securities and insurance, and of these banking is by far the most important.

The spectacular successes of Japanese banks in penetrating the U.S. market have so far been unmatched by any corresponding U.S. successes in Japan, but Japan's authorities claim this not because of any attempt to discriminate against foreign banks. Foreign bankers who are in Tokyo trying to make a living agree that controls are being applied even handedly by the Finance Ministry on foreign and domestic banks. This does not alter the fact that Japan is a far tougher place for bankers to set up in business than, for example, California.

Because the Ministry of Finance is not overtly discriminating against foreign banks there is little hope that American pressures will result in a new deal. This means that the gap between Japanese penetration of overseas banking markets and foreign penetration of Japan will go on growing—unless other nations take steps to block the advance of Japan.

While the Japanese banks have chalked up one success after another in the U.S. during the past five years foreign banks have had to fight hard to hold their own in Japan. No fewer than 71 banks from about 20 countries had one or more branches in Tokyo or other Japanese cities at the end of March. The foreign banks' share of total bank assets, however, was a modest 4.2 per cent, while only three per cent of loans and discounts originated with the foreign sector.

Both figures were, admittedly, higher than in the early seventies, when the foreign sector accounted for just under 2 per cent of Japanese bank assets. But in those days only some 20 to 25 foreign banks had branches in Japan—so that life for the individual bank has grown tougher.

The majority of foreign banks that have offices in Tokyo seem to feel that a Japanese presence is a must because of the size of the economy and the importance of Japan in international trade. The truth is, however, that, while Japan's economy has been growing by leaps and bounds over the last 15 to 20 years, profitable business opportunities for the foreign banking community have tended to shrink.

During the "golden sixties" when the Japanese gross national product (GNP) was growing at a rate of over 10 per cent per year in real terms, and foreign currency was in chronically short supply the foreign banks had two major functions. One was to supply trade financing in the form of dollar or other foreign currency denominated loans. The second was to meet the needs of Japanese companies for extra yen financing (over and above what could be provided by the domestic banking system) during periods of especially rapid growth.

Domestic Japanese banks have traditionally been subjected to "window guidance" controls by the Bank of Japan, which limit the amounts of loans each bank can make to its customers on a quarterly basis. When the domestic banks were up against their loan ceilings, as they frequently were during the high growth era of the sixties and early seventies, the foreign banks acted, profitably, as a useful safety valve.

The safety valve function of foreign banks became less important after 1976, as Japan's growth rate slowed sharply and Japanese companies began to find they could borrow all the money they needed from their main, domestic, bankers at a substantially lower cost than that of borrowing from foreign banks. Four years after that, at the end of 1980, the introduction of a new and more liberal foreign exchange law robbed the foreign banks of their position as exclusive lenders of foreign currency.

The opening of these so-called impact loans market to Japanese banks during the past two years has had two major consequences: The market has grown enormously, particularly at its short term end, where about $11bn of loans are now outstanding—most of them made by Japanese banks. There has been a drastic shaving of margins and a consequent decline in the profitability of foreign currency lending by foreign banks.

The impact loan spread—the difference between the rate at which a bank lends to its customer and the cost of raising funds on the London Inter-Bank market—fluctuated between 1 per cent and 2 per cent during the early 1970s. By the end of 1981 only 0.1 per cent of the loans made by the biggest foreign banks carried margins of more than ¾ per cent, and 77 per cent of the loans were being made on a clean, or unguaranteed, basis.

The loss of exclusive rights as foreign currency lenders and the change from a sellers to a buyers market in the domestic currency sector forced foreign banks in Tokyo to start knocking on the doors of potential borrowers instead of waiting for borrowers to come to them. Another result of the changes has been far greater attention paid by foreign banks to the origin and cost of their yen funds.

In the sixties and early seventies the bulk of the yen lending done by foreign banks in Tokyo was financed through swap operations on the foreign exchanges, to turn dollars or other foreign currencies temporarily into yen. Swap operations were and are subject to quotas set for individual banks by the Ministry of Finance. But yen funds raised in this way were cheaper than domestically funded yen and swapping was another field to which Japanese banks were denied entry.

Today, while foreign currency swaps continue, it has ceased to be an especially cheap way of raising funds, because dollar interest rates have caught up with, and overtaken, domestic Japanese interest rates. Foreign banks have, therefore, had to start looking for ways to raise money in Japan itself, but have found that most of the ways open to them are more costly or less advantageous than the methods open to domestic Japanese banks.

A quick and easy solution to the yen funding problem—which happens to be precisely the solution adopted by Japanese banks in California—ought, in theory, to be the acquisition of the branch network of a domestic bank. Japan has a total of roughly 820 banking institutions including the big, City and regional banks, the smaller, mutual or "sogo" banks and some 400 odd credit associations. Even the weakest of the sogo banks however have so far shown themselves extremely resistant to takeover bids from other Japanese banks, and no foreign bank to date has come anywhere near to attempting an acquisition.

The fact that a new Japanese banking law introduced in April stated explicitly that foreigners could acquire the branch networks of Japanese banks could encourage some attempts at acquisitions in the near future. It hardly seems likely, however, that the results will compare with the spectacular Californian acquisitions carried out by Japanese banks during the past several years.

Even the frustrations that are inherent in trying to make a living in Japan's hyper-competitive banking environment, it is surprising to find that the majority of foreign bankers in Tokyo do not feel that they are being discriminated against by the authorities. A senior executive of one of the top U.S. banks says the Ministry of Finance has proved "extremely accommodating" over the past few years, particularly since 1978 when it invited foreign bankers to testify before a committee on banking reform and accepted some of their suggestions.

None of the big U.S. banks seems to feel that the U.S. Administration was right last year, to single out the banking sector as one of the main targets of its campaign to force Japan to liberalise its imports of goods and services. However, the fact that the U.S. Administration may have been tilting at windmills does not mean there is nothing to worry about. Perhaps the main worry should be just how long Japanese banks are likely to be able to continue their march into western markets while foreign banks remain effectively stalled in Japan.

FOREIGN BANKS RETURN ON ASSETS

	%
1973	1.03
1974	1.19
1975	1.12
1976	0.93
1977	0.70
1978	0.60
1979	0.29
1980	0.57
1981*	0.30

* Provisional.

Source: International Business Information Inc.

Indosuez to reorganise in Malaysia

BY WONG SULONG IN KUALA LUMPUR

BANQUE de l' Indochine and de Suez (Bank Indosuez) is to incorporate locally its Malaysian operations following its nationalisation under President Francois Mitterrand's Socialist Government.

Under the Malaysianisations, Bank Indosuez'e two local branches will be transferred to a newly formed company, the Malaysian French Bank.

The French bank will hold 30 per cent in the new Malaysian bank, with 51 per cent going to Senator Daim Zainuddin and 19 per cent to the Kuok Foundation.

Mr Pascal Mouradian, a senior Bank Indosuez representative sent from Paris in February to negotiate the deal, said the proposed restructuring has to be approved by the Malaysian authorities. He declined to disclose the amount the Malaysian partners would pay for their stakes.

Under Malaysian law, no bank operating in the country can be controlled by a foreign government.

The Bank of China had to close its operations in Malaysia in 1959, while three Indian banks and one Pakistani bank had to restructure their Malaysian operations to form United Asian Bank and Perwira Habib Bank respectively following nationalisation by their governments in the 1970s.

Bank Indosuez began operations in Malaysia in 1958, and its assets currently total about 300m ringgit (US$128m).

Senator Daim is a London-trained lawyer, who made his fortune in property development. He is a close adviser to Dr Mahathir Mohamed the Prime Minister, and is expected to be the bank's chairman.

The Kuok Foundation is a charitable organisation founded by the Kuok Brothers, one of South-east Asia's leading Chinese business groups.

As a local bank, the proposed Malaysian French Bank will not be discriminated against in opening new branches, and will enjoy a more favourable capital deposit ratio than foreign banks.

The two largest foreign banks in Malaysia—Chartered Bank, belonging to Standard Chartered of the UK, and the Hongkong and Shanghai Banking Corporation — are currently negotiating with Malaysian authorities on their equity restructuring. The talks are said to be "progressing well," but because of their size and complexities, the first steps in Malaysianisation will probably take a year to complete.

Amatil lifts interim results

By Ian Perkin in Sydney

AMATIL, the major Australian tobacco and food group, lifted net profits by 23.8 per cent from A$17.46m to A$21.63m (US$21.4m) in the six months to April 30. The directors have predicted that full-year earnings will show "a significant improvement over those for 1980-81," when the group earned net profits of just over A$31m.

The company achieved the latest earnings advance on sales up by 14.6 per cent from A$643m to A$737m. The net return on sales grew from 2.78 per cent (for all of 1980-81) to 2.93 per cent.

Extraordinary gains of A$2.59m in the latest half came mainly from profits on the sale of an investment and other non-current assets.

Earnings per share rose from 18 cents to 23 cents and the interim dividend is held at 10 cents on capital increased by a one-for-five scrip issue.

Tax absorbed A$16.77m, against A$12.87m, interest on borrowings A$9.18m, against A$8.86m, and depreciation A$10.06m, against A$9.75m.

The first-half profit rise reflected further growth in tobacco profits, substantially higher profits from the printing and packaging division and improved earnings from livestock interests.

BAT Industries of the UK has a substantial minority stake in the company.

Extraordinary gain boosts Pegi profits

By Our Kuala Lumpur Correspondent

PEGI, the Malaysian investment group, which announced the purchase of a 51 per cent stake in Dunlop Malaysian Industries for 298m ringgit (U.S.$126m) on Monday, has produced a set of financial results showing significant gains made from previous acquisitions.

For the year ended March, the group's operating profit was 3.7m ringgit (U.S.$1.6m) against earnings of 324,000 ringgit for the previous 15 month period.

However, net attributable profit, after tax, minority interests and extraordinary gains, rose to 12.2m ringgit compared with 2.6m ringgit previously.

The extraordinary gain of 11.5m ringgit arose mainly from the sale of the 16 per cent stake in Dunlop Holdings of the UK which Pegi transferred to a company in which it and Multi-Purpose Holdings are joint owners.

Downturn for Alcoa Australia

BY OUR SYDNEY CORRESPONDENT

ALCOA of Australia, the country's biggest integrated aluminium producer, earned net profits of A$36.9m (US$37.4m) in the first half of 1982, down 35 per cent from the A$57m a year earlier.

The performance would have been worse but for the increase in export revenue from the devaluation of the Australian dollar against the U.S. dollar, which added A$6m to net profits. Sales were A$445.7m against A$428m.

The profit downturn was expected given the poor state of world alumina and aluminium markets which has forced the company to reduce output of both products and mothball its newest alumina refinery at Wagerup, Western Australia.

It is also negotiating with the Victorian state government on the possible deferal or cancellation of its partially completed Portland aluminium smelter. The company announced earlier this week that it had failed to attract a Japanese partner.

Alcoa's profit in the second quarter of 1982 was A$14.9m down 32 per cent from the profit of A$22m in the first quarter.

Because the lower cash flow and the need to provide funds for construction, shareholders which includes Aluminum Company of America with a 51 per cent stake, again agreed to reinvest the dividend. A non-cash dividend of A$20m was declared and paid in June by the issue of 20m shares of A$1 par value.

Further finance for Kuok Bros

BY OUR KUALA LUMPUR CORRESPONDENT

THE KUOK BROTHERS group, one of Southeast Asia's leading Chinese family businesses, is seeking a listing on the Malaysian and Singapore exchanges for its hotels on the Malaysian resort island of Penang.

The group will make a public offer of 17m new shares of Rasa Sayang Beach Hotels that will raise the paid-up capital of the hotel group to 65m shares of one ringgit each. The shares will be priced at 2.2 ringgit (U.S.$0.93) each and 6.25m units will be reserved for Bumiputra (Malay) institutions.

The Rasa Sayang group consists of three hotels—Rasa Sayang, Golden Sands, and Palm Beach—all located near each other on the northern beaches of Penang.

The group also owns another three acres of beach-front property for which a 330-room deluxe hotel is planned. The cost is estimated at 50m-ringgit and part of the proceeds from the share offer will go to finance the project.

The Rasa Sayang group was incorporated in 1973, and has a good profit record. The net result was 8.2m ringgit for the year to last December.

Despite the recession, after-tax earnings are projected at 13.5m ringgit for the current year and the group has promised to pay a 15 per cent tax exempt dividend.

This is the second time within a month that the Kuok group has announced the flotation of substantial assets in Malaysia. Last month, it applied for a listing of Federal Flour Mills with a public offer of 31.99m shares of 1 ringgit value, priced at 1.4 ringgit each.

Smith buys out its SA partner

By Our Johannesburg Correspondent

SMITH INTERNATIONAL, the Houston, Texas-based mining drilling equipment manufacturer, has bought out its South African partner in Smith Boart. It has acquired the 50 per cent of the shares in Smith Boart owned by Boart International for between R2m and R3m ($1.52m). Exact cost of the deal has not been disclosed.

The South African company manufactures tungsten carbide drilling tools for the mining and quarrying industries, and is expanding into other products through acquisitions. The Houston parent supplies the company's entire technology—Boart International was simply a financial partner.

Sime in genetic joint venture

SIME DARBY Berhad and International Plant Research Institute (IPRI) of the U.S. have formed two joint veture companies, Reuter reports.

Agri-Bio Corporation (ABC) of Malaysia and the Asean Agri-Bio Corporation (AABC) of Hong Kong will apply the Institute's research in genetic engineering and biotechnology to tropical agriculture in Malaysia and the Asean area.

ABC has been formed with a paid-up capital of 3m ringgit (U.S.$1.27m) and commenced operation on July 1, 1982. ABC has assumed responsibility for Sime Darby Plantations' current applied agricultural research programmes at Ebor Research at Batu Tiga and their laboratories at Klang.

Bahrain bank well ahead at six months

By Mary Frings in Bahrain

NATIONAL BANK of Bahrain boosted net operating income by almost 60 per cent in the first half of 1982 to BD 5.1m ($13.6m). This does not include extraordinary gains from the handling of four heavily oversubscribed offshore company share issues, which together with the proceeds of the United Gulf Bank subscription now in progress will be disclosed in the bank's 1982 annual report.

Mr Nooruddin A. Nooruddin, the general manager, said the improvement in earnings came from substantial increases in net interest margins and in fee income.

Consolidated assets were BD 454m at June 30 ($1.2bn), up 38.5 per cent, and the return on average assets on an annualised basis, rose from 2.05 per cent to 2.42 per cent.

Loans, advances and overdrafts increased by 24 per cent to BD 166m ($440m), but a 65 per cent increase in customer deposits lifted the deposits to loans ratio from 132 per cent to 175.5 per cent.

VONTOBEL EUROBOND INDICES
145.76 = 100%

PRIVE INDEX	13.7.82	6.7.82	AVERAGE YIELD	13.7.82	6.7.82
DM Bonds	95.39	95.43	DM Bonds	9.236	9.226
HFL Bonds & Notes	97.67	97.19	HFL Bonds & Notes	10.312	10.415
U.S. $ Strt. Bonds	97.98	87.73	U.S. $ Strt. Bonds	14.506	14.603
Can. Dollar Bonds	89.43	89.26	Can. Dollar Bonds	16.017	16.062

COMMODITIES AND AGRICULTURE

Moroccan phosphate sales decline

By Francis Ghilès

THE REOPENING of the world's richest phosphate mine at BuCraa, in the contested Western Saharan territory, is not expected to affect the income the Kingdom of Morocco can hope to earn from phosphate rock exports this year. Exports of rock declined by 5.4 per cent last year to 15.6m toones—the secood year in a row in which they fell.

Export income from phosphates, however, increased by 27 per cent to reach Dinars 3.82bn ($636m), thanks to a rise in world market prices. Prices per tonne have, however, declined during the past six months by ao average of $8 to around $40m. OECD countries account for two-thirds of Morocco's exports of phosphate rock but current market trends suggest demand will remain sluggish and prices soft.

Products derived from phosphates progressed well in export markets. The value of Moroccan exports of phosphoric acid increased by 69 per cent to Dinars 1.3bn while the value of exports of fertilisers derived from phosphates increased by 88 per cent to Dinars 288m.

Rescue bid for Devon meat co-operative

BY OUR OWN CORRESPONDENT

WEST COUNTRY farmers will be asked on Saturday to dig deep into their pockets to save North Devon Meat, the big Torrington meat co-operative that is in grave financial trouble.

It is understood farmer shareholders in the co-op will be asked to find £2m, which is the size of the rumoured loss for 1981-82. This works out at £400 each from the 5,000 farmer sbareholders.

Company chief executive Mr Dick Cawthorn ssid hoped for casb contributions would depend on individual circumstances. But already caution is being advised from various sources.

The NFU is determinedly sitting on the fence, anxious to protect members' interests while not wanting to do anythiog to jeopardise the company's chance of survival.

This week sggressive Devon farm supply co-op Mole Valley Farmers—of wbich as many as three-quarters of North Devon Meat sbareholders are members—called on NFU to take the lead in the crisis. In its newsletter this week it called on Devon NFU to press for independent inquiry into the company's finances.

Mole Valley said the NFU, on results of inquiry should then firmly advise farmers what to do "in spite of the element of risk."

Such a move "could well ensure the recruitment of sufficieot additional capital rather than an insdequate response due to lack of confidence," the newsletter said.

NDM have called in respected London accountants Thomson McLintock to examine their books and at the moment this seems to have satisfied the company's main creditors Lloyds Bank.

However the position of the bank is something of s mystery. NatWest refused to extend overdraft facilities to North Devon some months ago. Lloyds took over tbe overdraft but insiders say Lloyds are concerned at the position.

It is certain that Saturday's extraordinary meeting of sbareholders at Torrington will not have the result of the report hy Thomson McLintock. The doubt is whether the company will be able to get sufficient farmer support without an independent assessment of the company's finances.

Well known Devon farmer and MP Sir Peter Mills is taking a leading role in the North Devon survival hid. He will chair Saturday's meeting. He saw Mr Peter Walker, Agriculture Minister, yesterday to seek some sort of Government guarantee for the company's overdraft. Significantly Sir Peter took representatives of FMC, Britain's largest meat cumpany, along with him.

Sir Peter said, before seeing the ministers: "Much is at stake. Collapse of North Devon Meat could bave a domino effect. Confidence in farmer co-ops like FMC is beginning to sag." On North Devon meat, Sir Peter said: "Yes we know mistakes bave heen made. Soms radical changes will have to he made. Financial control is not as tight as it might have been but the company must have hetter farmer support. In the past maybe farmers have taken out too much in bonuses, divideods and interest."

Takeover of Indian jute ruled out

By K. K. Sharma in New Delhi

INDIA'S Minister of Commerce, Mr Shivraj Patil, yesterday ruled out nationalisation of the jute industry but offered the government's assistance to West Bengal state if it launched a scheme for purchase of raw jute from growers.

Demands for nationalisation of the jute industry were made hy members of parliament in a debate on the jute industry which is now in the grip of a crisis that has forced the closure of 17 mills.

Mr Patil said the jute industry faced a crisis because of the slump in export demand following competition from synthetic substitutes. This had led to a crash in jute prices, accumulation of jute stocks and the closure of 17 mills involving over 54,000 redundancies.

The minister said the Indian government had taken several steps to revive the demand for jute such as compulsory use of jute bags for packing cement. Price stabilisation measures at regional and international fora were also being taken.

Mr Patil said talks were being held with Bangladesh on evolving a joint strategy for the marketing and export of jute.

ATLANTIC SALMON

Race for survival

BY A CORRESPONDENT

MIDWAY THROUGH the salmon fishing season catches on rivers are down by an average of 30 per cent, and io some cases by 80 per cent. Salmon netting catches (in England and Wales constituting 85 per cent of the total catch) are about 70 per cent down. Normally in dry seasons such as this, with low river levels, salmon coming and going on the tide are netted in especially large numbers. These depressing figures comprise the first hard proof that British salmon returning to breed are in serious decline.

Netting quotas have now been agreed with the two North Atlantic fisheries catching wintering salmon, those of Greenland and the Faroe Islands. The Greenland quota is currently 1,190 tonnes, and in January the Faroes agreed a quota of 750 tonnes for 1982, to be redneced to 650 tonnes in 1983.

Many observers feel these figures are still far too high. The problem has heen that in the absence of exact knowledge about the salmon's babits no principle on which to base quotas bas been establisbed.

A possible basis would be quotas commensurate with the amount of time salmon spend in the host country's waters. On the supposition that British-homing salmon spend around two months off both Greenland and the Faroes responsible quotas would be about 200 tonnes.

On June 28 the Atlantic Salmon Trust (AST), the salmon's watchdog organisation, reported the findings of the team which visited the Faroes fishering in March. The report states that Faroese fishermen now rely heavily on salmon, which provide an alternative to over-exploited herring and cod stocks.

The salmon catch rose from 51 tonnes in 1978 to 969 tonnes in 1981. However the Faroese suthorities would be prepared to accept restrictions and co-operate in internstional management of stocks, provided they were paid a compensatory "grazing fee" in return for European salmon's winter-feeding.

Because the Faroese take all fish over 60 cm, which includes immature stocks, the report estimated that each tonne of Faroes salmon lost 1½-1¾ tonnes of salmon to bome waters. Furthermore a question mark appears to hang over whether tbe small rejected fish survive. Reports of Swedish and Finnish vessels taking salmon from north of the Faroes 200-mile fishing limit were disturbing.

The report recommends more researcb (particularly into the national origin of Faroes catches), a quota plus grazing fee arrangement, and the provision of assistance with Faroes salmon farming and smolt production programmes.

It also suggests, on a wider front, that all salmon-producing nations should adopt local rod and net quotas if the salmon is to be saved. Levies on both commercial and sports fishermen should be charged in order to fund further salmon production, it adds.

These are considerable steps and suggest a more professional approach is now urgently necessary. Countries like Canada, where river fishermen are allowed a maximum of two fish a day, and Iceland, which has outlawed all sea fishing, have shown that controls pay dividends. Conversely Ireland's uncontrolled west coast drift-net fishery has demonstrated tbat abandoning controls results in the salmon's rapid disappearance.

Increasingly off-shore drift-net fisheries look incompatible with salmon's survival. The Northumbrian fishery took 47,000 salmon on the open sea in 1978, most of which were destined for Scottish rivers. It elimiosted the run of salmon to the Tyne and Tees a long time ago.

Admiral Sir Hugh Mackenzie, Chairman of AST, argues that it makes a nonsense of proper management of salmon indiscriminately to net fish at sea whicb are boming to parent rivers to breed. If salmon netting was restricted to estuaries, only local fish would be caught.

Sir Hugh would also like to see the standardisation of laws relating to salmon between England, Wales, Northern Ireland and Scotland. And the same rod licensing system for Scotland as exists for England and Wales.

Meeting on rubber postponed

KUALA LUMPUR—The Association of Natural Rubber Producing Countries (ANRPC) meeting scheduled for this week has been put off and will instead he held near the end of the month, the ANRPC secretariat said here. A date has yet to he fixed.

The meeting would he a follow-up to the May emergency meeting of ANRPC members, to work out export quota cuthacks for eacb country.

ANRPC members, Malaysia, Thailand, Indonesia, Singapore, India and Sri Lanka, proposed to hold back 350,000 tonnes of natural rubber from the market over the second half of the year to prop up depressed prices and hasten a market recovery.

Reuter

Cocoa pact uncertainty hits prices

BY TERRY POVEY

UNCERTAINTY about the outcome of this week's Internstional Cocoa Organisation (ICCO) meeting on price support measures were reflected yesterday in a drop in prices on the London futures market with September cocoa down £8 on the previous day's close at £915.5.

According to some delegates to the London meeting, the producer members, who have heen meeting in private session for two days, are moving towards agreement oo proposals put hefore them on Monday by the orgaoisation's executive director for a 150,000 tonne deferred payment cocoa purchase scheme.

Others however stress that some of the financially weak producers are finding it difficult to make the choice between selling their cocoa at whatever bard curreocy price they can get and the proposed scheme which would yield initially only some 25 cents per lb, about one-third of the ICCO indicator price for July 14.

Consumer delegates, who have also been meeting in private, appear to take the attitude that it is up to the producers to reach a consensus before they need take a firm position.

Observers believe that should the deferred payment scheme he adopted then the consumers would be obliged to go along with it. They would, however, make strenuous representations for adequate safeguards for the storage and rotation of the greatly expanded buffer stock.

The prospect that the ICCO would be unable to reach a conclusive agreement on the expanded buffer stock plan during their meeting this week was, according to traders, the main feature depressing prices yesterday. ICCO officials would not comment on possible future dates for discussions but the possibility of a late September meeting to finalise outstanding issues was heing mentioned.

However the impression among hoth ohservers and delegates was that pressure to make decisions on both the scheme and the levy during this weeks meeting was considerable. Under such circumstances the use of the $75m loan to make a more limited deferred payment purchase of 60,000 tonnes plus soem direct purcbases, a plan backed by Brazil, could well be adopted as a compromise.

Record tea crop in Mozambique

LISBON — Mozambique harvested a record 23,000 tonne tea crop this year, beating by 6,500 tonnes the previous record, which was achieved more than seven years ago wben the country was still a Portuguese colony.

This was reported here by the Portuguese national news sgeocy (Anop) quoting an article in Noticias, Maputo's daily newspaper.

The article said a financing agreement with the African Development Bank in 1980 had aided tea crop recuperation with new technology for four of Mazambique's 12 tea processing centres and promised construction of two new factories. AP

London copper upsurge halted

BY RICHARD MOONEY

THE UPSURGE in London Metal Exchange copper prices was halted yesterday afternoon when an expected further rise in New York failed to materialise.

Increased Middle East tension plus a continued resction to recent interest rates cuts lifted copper values on the LME sharply in early dealings, the three months position rising as much as £16.50 at one stage.

But the market turned sharply lower following the disappointing New York opening wiping out the morning's gain. After steadying a little near the close cash bigh grade copper finished £2.50 up on the day at £853.50 a tonne only to lose ground again in after hours dealings.

Yesterday's market performance tended to confirm the view expressed hy some dealers on Tuesday that the speculative rise, which had lifted cash copper by £74 in a week, had been overdone.

In Lima, Peru, meanwhile it was announced at the end of a two-day meeting of the Inter-Governmental Council of Copper Producers (Cipec) that a special committee had been set up to study methods for raising the world price of copper. Options under consideration included delaying export shipments.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	30.90-31.00	—0.30
Iranian Light	30.50-31.00	+0.20
Arabian Heavy	28.50-29.00	—0.12
North Sea (Forties)	32.50-33.00	—0.32
African Bonny L'ht	33.00-34.50	—0.30
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	337-345	—0.5
Gas oil	264-273	—3.5
Heavy fuel oil	164-170	+2.0

GAS OIL FUTURES

The Iranian offensive against Iraq pushed the market sharply higher on nervous short-covering and some new position taking. The price fell back later in line with physicals, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	267.00	+4.75	270.00-69.00
August	271.75	+2.75	276.50-71.25
Sept	272.25	+2.25	276.75-71.50
Oct	275.00	+2.75	279.00-74.25
Nov	277.00	+3.00	281.00-77.00
Dec	278.50	+2.25	283.00-78.50
Jan	279.50	+8.00	277.50
Feb	283.00	+3.00	—
March	282.50	+2.00	—

Turnover: 4,388 (5,060) lots of 100 tonnes.

GOLD MARKETS

Gold rose $1 an ounce from Tuesday's close in the London bullion market yesterday to finish at $349-350. The metal opened at $356-357 and rose to a best point of $359-360 in good two-way business. However the price fell away after the entry of U.S. centres and finished at its lowest level of the day.

In Frankfurt the 12½ kilo bar was fixed at DM 28,380 per kilo ($354.00 per ounce) against DM 27,010 ($338.76) previously and closed at $352½-353½ from $352½-353.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $356.00 compared with $337 on Tuesday.

In Zurich gold finished at $350-351 from $343-344.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	204.40-4.50	+0.750	210.00-03.0
Sept'mb'r	206.10-7.20	+1.950	210.35-06.5
October	207.90-9.00	+0.450	212.10-06.5
November	209.60-11.0	+1.300	213.75
December	210.50-3.45	+0.725	214.10-10.0
January	212.60-5.00	+1.850	—

Turnover: 1,301 (303) lots of 100 ounces.

	July 14		July 13	
Gold Bullion (fine ounce)				
Close	$349-350	(£202¼-203¼)	$348-349	(£202-202½)
Opening	$356-357	(£206½-207)	$337-338	(£195-195½)
Morning fixing	$353¼	(£204,894)	$339.00	(£195,501)
Afternoon fixing	$352½	(£204,510)	$352.60	(£203,751)

Gold Coins July 14					
Krugrnd	$350½-351½	(£203¼-204)	King Sov	$88-90	(£51-52)
½ Krug	$186½-187½	(£108-108½)	Victoria Sov	$88-90	(£51-52)
¼ Krug	$95-96	(£55-55½)	French 20s	$76.1-86.3	(£44½-50)
1/10 Krug	$38½-39½	(£22¼-23)	50 pesos Mex.	$428.8-432.1	(£248¼-250¼)
Mapleleaf	$350½-351½	(£203¼-204)	100 Cor. Aust	$342.5-344.8	(£198½-200)
New Sov	$83½-84	(£48½-48¾)	$20 Eagles	$395-400	(£229½-232)

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES were erratic on the London Metal Exchange following the fluctuations in gold and other precious metal prices. Copper surged to £877 in initial trading but fell away sharply to touch £855 as Comex opened much lower than expected. Thereafter the market rallied to £865 prior to closing the late kerb at £861.75. Other metals followed suit, with Lead finally £349, after £354, and Zinc £437.5, after £444. Tin was barely changed at £6,785. Aluminium closed at £580.5 and Nickel at £3,015.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	861-.5	+12.7	853-4	+2.5
3 mths	870-.5	+16	863-4	+10
Settlem't	861-.5	+12.5	—	.....
Cathodes				
Cash	831-2	+4.5	826-30	+1.5
3 months	845-51	+16	842-6	+1
Settlem't	832	+4	—	.....
U.S. Prod.	—	—	*67-71	.....

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £862.00, 61.00, three months £874.00, 75.00, 76.00, 76.50, 77.00, 76.50, 76.00, 75.00, 74.00, 74.50, 74.00, 73.00, 72.00, 71.00, 70.50, 70.00, 69.50, 70.00. Cathodes, cash £837.00, 34.00, 33.00, 32.00. Kerb: Higher Grade, three months £868.00, 67, 68, 68.5, 69, 70, 71, 72, 73, 73.5, 74, 73.5. Afternoon: Higher Grade, three months £862.00, 61, 60, 59.5, 59, 58, 57, 56, 55, 56, 57, 57.50, 57, 58, 59, 60, 61, 61.5, 62, 62.5, 63, 63.5, 64, 65, 66, 64. Kerb: Higher Grade: Three months £864.00, 65, 66, 63, 64, 63, 62, 61, 60, 59.5, 60, 61, 62, 61.5, 61, 60.5, 60, 59, 59.5, 59, 60, 61, 61.5, 62. Turnover, 62,375 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	6645-50	—15	6640-5	—12.5
3 months	6785-90	—10	6785-90	—7.5
Settlem't	6650.50	—15	—	.....
Standard				
Cash	6645-50	—15	6640-5	—12.5
3 months	6785-90	—10	6785-90	—7.5
Settlem't	6650	—15	—	.....
Straits E.	$28.16	—	—	.....
NewYork	—			

Tin—Morning: Standard, cash £6,650, 45, three months £6,790, 85, 80. Kerb: Standard, cash £6,640, three months £6,780, 85, 80. Afternoon: Standard, three months £6,780. Turnover, 6,105 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	336.5-7	+6	334-5.5	+4.5
3 months	348.5-9	+7	347-.5	+6
Settlem't	337	+6	—	.....
U.S. Spot	—	.....	*58-8	.....

Lead—Morning: Cash £338.00, 37.50, three months £351.00, 51.50, 52.00, 51.00, 51.50, 52.00, 51.50, 52.00, 53.00, 54.00, 52.00, 53.00, 52.00, 51.00, 50.00, 49.50, 49.00, 48.50, 48.00, 49.00, 49.50, 49.00. Kerb: Three months £348.00, 48.5, 49, 49.5, 50, 51. Afternoon: Three months £345.00, 46, 47, 46, 45.5, 45, 46, 48.5, 47, 48.5, 47. Kerb: Three months £348.00, 48.5, 48, 47, 46.5, 46, 46.5, 47, 48, 49. Turnover, 22,350 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	434.5-5.5	+2.25	435-6	—1.5
3 months	439-.5	+3.5	438.5-9	+2
S'ment	435.5	+2.5	—	.....
Primw'ts	—	.....	37-40.5	.....

Zinc—Morning: Three months £444.00, 43.00, 44.00, 43.50, 43.00, 43.50, 43.00, 42.00, 42.50, 43.00, 42.50, 41.00, 40.00, 39.50, 39.00, 39.50. Kerb: Three months £440.00, 41, 41.5. Afternoon: Three months £437.00, 38, 38.5, 37.5, 38, 36.5. Kerb: Three months £438.00, 37, 37.5. Turnover, 18,225 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	570-1	+6.5	582-4	—4.5
3 months	590-.5	+8	582-.6	—3.5

Aluminium—Morning: Cash £570.00, three months £595.00, 98, 99, 98, 97, 96, 95, 96, 94, 95, 94, 92, 91, 90, 90.5. Kerb: Three months £580.00, 89.5, 90, 90.5, 91. Afternoon: Three months £584.00, 82.00, 82.50, 82.00, 81.50, 83.00, 83.50, 83.00, 82.50, 82.00. Kerb: Three months £583.00, 82.5, 82, 81.5, 81, 80. Turnover, 21,750 tonnes.

Nickel—Morning: Cash £3,005, three months £3,040, 35, 30, 25. Afternoon: Three months £3,020. Kerb: Three months £3,030, 25, 20. Turnover, 774 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3005-6	+38.5	3010-5	+27.5
3 months	3030-5	+30	3030-40	+17.5

* Cents per pound. ‡ MS per kilo. † On previous unofficial close.

SILVER

Silver was fixed 23.6p an ounce higher for spot delivery in the London bullion market yesterday at 384.0p. U.S. cent equivalents of the fixing levels were: spot 662c, up 38c; three-month 686.1c, up 38.5c; six-month 708.1c, up 40.5c; and 12-month 752.8c, up 41.0c. The metal opened at 378-381p (652-656c) and closed at 374-377p (645-649c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	384.00p	+23.6	374.5p	+5.25
3 months	396.40p	+24.5	385.5p	+3.75
6 months	405.40p	+24.7	—	.....
12months	426.40p	+24.9	—	.....

LME—Turnover: 168 (138) lots of 10,000 ozs. Morning: three months 395.0, 95.5, 96.3, 96.0, 95.5, 95.0, 95.3, 93.5, 94.2. Kerb: three months 395.5, 96.0, 96.5, 97.0. Afternoon: three months 383.0, 84.0, 84.8, 84.0, 85.0, 86.0, 87.0, 88.0. Kerb: three months 384.0, 83.0, 82.0, 81.5, 82.0, 84.0.

COCOA

Futures were barely steady on trade house selling due to the uncertainty of outcome of the ICCO talks although shortcovering at the close pared the earlier losses. Actuals business was again quiet, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	866-70	—14.5	875-56
Sept	915-16	—8.0	924-07
Dec	956-57	—8.0	964-48
March	987-89	—6.5	996-81
May	1009-10	—0.0	1012-02
July	1028-29	—5.0	1031-27
Sept	1046-48	—7.0	1055-42

Sales: 1,479 (2,063) lots of 10 tonnes.

ICCO—Daily price for July 14: 72.24 (72.87). Indicator price for July 13: 72.51 (72.98).

COFFEE

A firm New York close prompted a stronger opening, reports Drexel Burnham Lambert. Prices retraced slightly before further trade buying encouraged a second advance.

COFFEE	Yest'day's Close	+ or —	Business Done
July	1260-03	+31.6	1265-45
Sept	1108-10	+25.5	1115-94
Nov	1031-33	+20.0	1035-19
January	999-03	+13.2	1007-92
March	978-84	+9.0	990-72
May	960-75	+8.0	—
July	950-64	+12.0	960

Sales: 2,440 (3,391) lots of 5 tonnes.

ICO Indicator prices for July 13: (U.S. cents per pound): Comp. daily 1979 115.21 (115.03); 15-day average 118.88 (119.01).

GRAINS

WHEAT			BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
Sept	110.15	—	104.25	—0.05
Nov	113.85	+0.05	108.10	—0.10
Jan	117.60	—	111.65	—0.10
Mar	120.95	—0.05	114.85	—0.10
May	124.45	—0.05	118.12	—0.10

Business done—Wheat: Sept 110.30-110.15, Nov 114.20-113.85, Jan 117.90-117.65, March 121.50-120.90, May 124.70 only. Sales: 197 lots of 100 tonnes. Barley: Sept 104.45-104.25, Nov 108.25-108.10, Jan 111.70-111.65, March 115.10-114.85, May no trades. Sales: 96 lots of 100 tonnes.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 100.00; E. Midlands 99.10. The UK Monetary Coefficient for the week beginning Monday July 19 (based on HGCA calculations using 5 day's exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 1 14 per cent, Aug 111.50, Sept 110.25, Oct 110.75 transhipment East Coast. English Feed fob, Sept 113 East Coast, Oct 115.50 East Coast Scotland, Jan/March 123.60 East Coast sellers, Sept 112.50 paid Colchester. Maize: French, July 136 transhipment South Coast seller. Barley: English Feed fob, July 104 Boston, Aug 104.50 East Coast, Sept 107 East Coast sellers, Oct 109.50 paid East Coast Scotland. Rest unquoted.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day, and closed quiet. Lewis and Peat recorded an August fob price for No. 1 RSS in Kuala Lumpur of 201.0 (202.0) cents a kg and SMR 20 176.0 (same).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
Aug	48.80-50.00	49.00-49.80	—
Sept	50.00-50.30	49.80-50.10	—
Oct-Dec	51.50-51.70	51.60-51.70	51.70-51.20
Jan-Mar	54.50-54.70	54.50-54.60	54.70-54.20
Apl-Jne	57.20-57.30	57.20-57.30	57.20-56.80
Jly-Sept	60.00-60.10	60.00-60.10	60.00-59.50
Oct-Dec	62.60-62.70	62.60-62.70	—
J'n-Mch	65.30-65.40	65.10-65.20	65.50-65.10
Apl-Jne	67.90-68.00	67.70-67.80	—

Sales: 142 (85) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 48.25p (48.50p); Aug 57.75p (51.00p); Sept 51.00p (51.25p).

SOYABEAN MEAL

The market opened about £1.00 higher on short-covering, reports T. G. Roddick. Tightening of old crop supplies held prices steady in thin conditions.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
August	127.20-27.5	+1.10	127.20-27.00
October	130.00-30.2	+1.35	130.20-29.80
Dec	134.20-34.5	+1.50	134.20-33.50
Feb	137.50-38.0	+1.50	137.00
April	138.50-39.5	+1.75	—

Sales: 61 (82) lots of 100 tonnes.

SOYABEAN OIL—Opening prices were higher on better cash markets particularly nearby positions and held steady. Closing prices and business done (U.S. $ per tonne): Aug 484.00, 489.00, 486.00-485.00; Oct 486.50, 489.00, 488.00-481.00; Dec 487.00, 488.00, 488.00; Feb 495.00, 496.00, 495.00; April 500.00, 504.00, untraded; June 505.00, 525.00, untraded; Aug 516.00, 530.00, untraded. Sales: 82 (75) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £128.00 (£121.00) a tonne cif July-Aug shipment. White sugar daily price £162.00 (£166.00).

The market opened about unchanged but slipped back on long-liquidation. Support became apparent at the lows and prices recovered, reports C. Czarnikow.

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug	132.75-33.00	126.75-26.90	133.00-27.00
Oct	139.75-39.95	135.65-35.85	140.25-35.80
Jan	144.15-45.00	141.35-45.50	—
March	150.00-51.20	147.50-47.60	151.00-48.50
May	155.00-54.00	150.00-50.40	155.00-52.50
Aug	157.00-58.00	153.00-54.50	156.00
Oct	156.50-59.75	157.05-57.75	158.00

Sales: 5,893 (6,409) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £405.90 (same) a tonne for home trade and £235.00 (£227.50) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for July 13: Daily price 8.45 (8.12); 15-day average 7.54 (7.43).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Aug 377, 387, 382-380; Oct 398, 400, 404-400; Dec 407, 403, 411-409; Jan 407, 409, 412-409; March 420, 422, nil; May 430, 437, 435-434; Aug 439, 446; 445; Oct 440, 447, 446; Dec 441, 450, nil; Jan 443, 452, nil. Sales: 76.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. July 552.5, 553.0, 553.0-550.0; Oct 512.5, 513.0, 513.5-512.6; Dec 518.0, 520.0, 518.5-518.0; March 525.0, 526.0, 524.5; May 528.5, 530.0, untraded; July 537.5, 538.5, 538.5; Oct 533.0, 535.0, untraded; Dec 536.5, 538.0, untraded. Sales: 76.

PRICE CHANGES

In tonnes unless otherwise stated.

	July 14 1982	+ or —	Month ago
Metals			
Aluminium	£810/815		£810/815
Free Mkt	$970/1000	—5	$985/995
Copper			
Cash h grade	£853.5	+2.5	£729
3 mths	£863.5	+3.75	£751.7
Cash Cathode	£828	+1.2	£7205
3 mths	£844	+1	£743.75
Gold troy oz	$349.2	+1	$317.25
Lead Cash	£334.75	+4.5	£291
3 mths	£347.22	+5	£301.25
Nickel	£4080		£3922
Free mkt	255/265c		240/270c
Platin'mtr oz'y	£260		£260
Freemkt	£174.15	—0.4	£154.90
Quicksilvert	$360/370		$370/380
Silver troy oz	384.00p	+23.6	310.15p
3 mths	392.40p	+24.5	319.60p
Tin Cash	£6642.5	—12.5	£5755
3 mths	£6787.5	—7.5	£5885
Tungsten22.0lb	$109.46		$111.88
Wolfrm22.4lbs	$115/118		$111/114
Zinc Cash	£435.5	+1.2	£387.5
3 mths	£438.75	+9	£398.75
Producers	$800		$800
Oils			
Coconut (Phil)	$465v		$606
Groundnut	‡		‡
Linseed Crude	£353		‡
Palm Malayan	$480w	+3.5	$482.5
Seeds			
Copra Ph lip	$320		$340
Soyabean (U.S.)	$259		$258.25
Grains			
Barley Fut. Nov	£108.10	—0.10	£104.80
Maize	£136.00		£136.76
Wheat Fut.Nov	£113.85	+0.05	£108.70
No.2 Hard Wint	‡		
Other commodities			
Cocoa ship't	£951	—8	£906
Future Sept	£915.5	—8	£875.6
Coffee Ft' Sept	£2109	+25.5	£1125.2
Cotton A.Index	79.00c	+0.25	75.60c
Gas Oil Aug	$271.75	+2.75	$582
Rubber (kilo)	48.95p	—0.25	47.5p
Sugar (Raw)	£159v	+7	$95
Woolt'ps 64s kl	388p kilo		397pkilo

‡ Unquoted. x Aug-Sept. v July-Aug. w Aug. † Per 16-lb flask. * Ghana cocoa. n Nominal.

INDICES

FINANCIAL TIMES

July 13	July 12	M'th ago	Y'ar ago
235.53	234.81	225.43	250.25

(Base: July 1, 1952 = 100)

REUTERS

July 14	July 13	M'th ago	Y'ar ago
1575.9	1560.5	1495.1	1704.3

(Base: September 18 1931 = 100)

MOODY'S

July 13	July 12	M'th ago	Y'ar ago
1004.4	999.3	974.2	1069.1

(December 31 1931 = 100)

DOW JONES

Dow Jones	July 13	July 12	Month ago	Year ago
Spot	125.14	124.64	121.28	—
Fut'rs	126.95	124.95	119.77	—

(Base: December 31 1974 = 100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 100 tonnes. Business was a little brisker, although a good deal of wariness was displayed by customers. With average prices still moving upwards, dealers were inclined to operate sparingly, but some Middle Eastern varieties were under consideration.

POTATOES

LONDON POTATO FUTURES—The market was quiet, slightly easier and lacking direction, reports Coley and Harper. Closing prices: Nov 56.80 —0.30 (high 56.80, low 56.10); Feb 63.40, —0.10 (high 63.40, low 62.70); April 71.50, —0.50 (high 71.50, low 70.50); May 75.00, —0.50 (high 80.20, low 79.00); Nov. 63.80, —1.20 (untraded). Turnover: 211 (512) lots of 40 tonnes.

HIDES—Leeds: The market was steady. Second clears. Ox 31-35.5 kg, 56.7p a kg (56.4p); 26-30.5 kg, 57.5p a kg (57.8p); 22-25.5 kg, 62.6p a kg (62.2p). Light cows: 25.5 kg, 62.8p a kg (62.6p).

AMERICAN MARKETS

NEW YORK, July 14.

Precious metals declined sharply from profit-taking and trade selling for producer accounts. Copper continued its advance on reports of purchases by PRC (China) and the tense situation in the Middle East. Livestock rallied on massive technical buying except for pork bellies which finished mixed. Heating oil advanced on the break-out of hostilities between Iran and Iraq. Coffee firmed on reports of colder weather returning to Brazil, reports Heinold.

Copper—July 64.70 (63.75), Aug 65.25 (64.30), Sept 65.60-65.90, Dec 68.10-68.35, Jan 68.85, March 70.60-70.70, May 71.90, July 73.35, Sept 74.80, Dec 77.00, Jan 77.75, March 79.20, May 80.65. Sales: 8,500.

Potatoes (round whites)—Nov 69.0 (66.6), March 79.5-80.0 (77.5), April 89.0. Sales: 273.

¶Silver—July 646.0 (654.5), Aug 650.0 (658.0), Sept 655.0-660.0, Dec 679.0-682.0, Jan 689.8, March 705.2, May 722.6, July 739.0, Sept 754.4, Dec 780.0, Jan 788.2, March 804.6, May 821.0. Handy and Harman bullion spot: 647.00 (645.00).

Sugar—No 11: Sept 9.00-9.05 (9.61), Oct 9.15-9.25 (9.74), Jan 9.55-9.75, March 10.14-10.20, May 10.31-10.38, July 10.48, Sept 10.70-10.85, Oct 10.83-10.93.

Tin—537.00-540.00 (539.00-540.00).

CHICAGO, July 14.

Lard—Chicago loose 21.75 (21.00).

Live Cattle—Aug 64.75-64.90 (64.15), Oct 62.45-62.55 (61.50), Dec 62.92-62.85, Feb 62.25-62.45, April 61.95, June 62.85, Aug 61.60.

Live Hogs—July 60.30-60.70 (60.72), Aug 58.85-59.00 (59.32), Oct 56.95, 56.86, Dec 56.85-56.65, Feb 54.00-54.05, April 50.45, June 51.40, July 51.20, Aug 49.95.

‡‡Maize—July 267¾-267½ (266¾), Sept 264½-264¾ (263¾), Dec 265¼-266½, March 279¾-279½, May 288½, July 294.

Pork Bellies—July 78.50-78.75 (79.50), Aug 74.80-75.10 (76.05), Feb 73.30-73.10, March 72.40-72.80, May 69.30-69.90, July 70.15-70.00, Aug 69.50.

‡Soyabeans—July 626-625½ (629¼), Aug 624-624½ (628¼), Sept 622-621½, Nov 625-625, Jan 640¼-641, March 656, May 669½, July 680, Aug 684.

‖Soyabean Meal—July 182.6 (183.51), Aug 181.5-181.7 (182.81), Sept 181.3-181.5, Oct 181.3, Dec 185.3-185.2, Jan 187.5-187.7, March 191.5-192.0, May 196.5-197.0, July 201.5-202.0.

Soyabean Oil—July 18.76 (18.85), Aug 18.80-18.78 (18.92), Sept 18.92-18.91, Oct 19.10-19.12, Dec 19.50-19.52, Jan 19.75, March 20.05, May 20.35, July 20.45-20.50.

‡Wheat—July 337 (332¾), Sept 349½-349 (345¾), Dec 372½-373, March 388½-388¾, May 395, July 391.

WINNIPEG, July 14.

§Barley—July 123.4 (122.8), Oct 115.8-115.9 (117.3), Dec 118.9, March 123.5, May 126.2.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Monday's closing prices

NEW YORK, July 13.

††Cocoa—July 1438 (1478), Sept 1478 (1518), Dec 1538, Mar 1605, May 1647, July 1669, Sept 1726. Sales: 2,540.

Coffee—"C" Contract: July 135.00-135.40 (133.00); Sept 122.75-122.95 (120.41), Dec 116.50-116.90, Mar 113.25-113.40, May 109.05-109.10, July 105.00-105.10, Sept 103.10-104.00, Dec 102.00-102.50.

Cotton—No. 2: Oct 72.00 (71.28), Dec 74.24-74.30 (73.35), Mar 76.05, May 77.10-77.25, July 77.90-78.20, Oct 77.80-78.00, Dec 76.10-76.50. Sales: 5,500.

Heating Oil—(cents per U.S. gallon): Aug 88.50-88.60 (88.59), Sept 89.20-88.30 (88.23), Oct 88.50-88.60, Nov 89.30, Dec 90.00-90.30, Jan 90.70, Feb 91.65-91.70, Mar 91.50, April 91.00, May 90.00-90.20.

Orange Juice—July 125.65-126.00 (124.20), Sept 128.30-128.60 (125.85), Nov 127.60-127.65, Jan 127.80-127.90, Mar 129.00, May 130.10, July 131.20-131.40, Sept 132.30-132.50, Nov 133.40-133.60.

*Platinum—July 305.2 (288.5), Oct 312.0-315.8 (296.7), Jan 322.0, April 330.5, July 338.1. Sales: 4,464.

CHICAGO, July 12.

Chicago Imm Gold—Sept 361.0-362.0 (347.0), Dec 375.5-373.8 (358.5), Mar 386.3, June 399.0, Sept 411.8.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

EUROPEAN MARKETS

ROTTERDAM, July 14.

Wheat—(U.S.$ per tonne): U.S. No Two Red Winter July 141. U.S. No Three Amber Durum July 169, Aug 170, Sept 173, Oct 176, Nov 178.50, Dec 182. U.S. No Two Northern Spring 14 per cent July 177, Aug 172.50, Sept 173, Oct 175, Nov 177.50, Dec 182. Canadian Western Red Spring Aug 197.

Maize—(U.S.$ per tonne): U.S. No Three Yellow spot 126 traded; afloat 126, July 124.50, Aug 123.50, Sept 122.50, Oct/Dec 121.50, Jan/March 129 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports July 253, Aug 254, Sept 254, Oct 247.50, Nov 247.50, Dec 252.75, Jan 259, Feb 262.50, March 266.50, April 269.25 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent Nov/March 226.50 traded; afloat 212, July 217, Aug 219, Sept 220, Oct 221 sellers. Pellets Brazil afloat 217, July 217, Aug 221, Sept 225, Oct 230, Nov/March 246 sellers.

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 99.60p per kg lw (—1.80); GB—Sheep 126.49p per kg est dcw (—19.40); GB—Pigs 69.44p per kg lw (—4.55).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 78.0 to 83.6; Ulster hindquarters 95.0 to 97.0, forequarters 59.5 to 60.5. Veal: Dutch hinds and ends 119.5 to 125.5. Lamb: English small 61.3 to 68.0, medium 58.0 to 62.0, heavy 54.0 to 59.0; Scotch heavy 54.0 to 59.0; Imported: New Zealand PL 62.0 to 63.5, PM 61.8 to 63.0, PX 60.0 to 61.0, YL 61.0 to 62.0. Pork: English, under 100 lb 31.0 to 54.0, 100-120 lb 43.0 to 52.5, 120-160 lb 40.3 to 49.7.

GRIMSBY FISH — Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £4.50-£5.00, codlings £3.00-£4.70; large haddock £2.50-£4.40, medium £2.80-£4.20, small £1.40-£2.40; large plaice £5.00-£5.40, medium £4.00-£5.00, best small £3.00-£4.20; lemon soles (large) £6.00, (medium) £5.80; rockfish £1.20-£2.50; reds £1.20-£2.40; saithe £1.50-£2.70.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 40 5.50, 48 5.70, 56 6.35, 72 6.25, 88 5.60, 112 5.20, 138 4.85, 150 3.90; Brazilian: 88/100 6.50; Jaffa: 88/105/123 7.40. Lemons—Spania: trays 5 kg 40/50 1.80-2.00; Outspan: 15 kg 80/180 5.00-7.00. Grapefruit—Jaffa: 20 kg 27 4.25, 32 4.45, 36 4.65, 40 4.90, 48 5.40, 56 5.35, 64 5.15, 75 4.95, 88 4.00; South African: 27 4.75, 32 5.40, 36 5.40, 40 5.40, 48 5.55, 56 5.50, 64 4.80, 72 4.50—Ruby same as White. Apples—French: Golden Delicious 18 kg 8.00-9.50; Tasmanian: Jonathan 11.00, Granny Smith 9.00-10.00, Sturmer Pippins 10.50-11.00; Australian: Granny Smith 9.50-10.50; New Zealand: Granny Smith 10.00-11.00, Sturmers 11.00-11.50, Red Dougherty 11.50-12.50; Brazilian: 12.00-12.50; South African Granny Smith 9.00-10.50, Golden Delicious 11.00-11.50; York Imperials 9.00-10.50; U.S.: 18 kg Red Delicious 9.00-13.00. Pears—Spanish: per pound Morettini 0.25-0.35, Limonera 0.25-0.35; French: Guyot 28 lb 7.00. Peaches—Italian: large trays 2.50-5.00, standard trays 2.50-4.00; French: A/AAA 4.00-4.50. Plums—Italian: Florencia per pound 0.20; Spanish: 11 lb Santa Rosa 0.22-0.45, Gaviota 0.30-0.50. Grapes—Israeli: Perlette 5.40, Thompson 6.80; Chilean: Ribier 6.00, Red Emperor 6.00; Cyprus: 11 lb Cardinal 5.50-6.00, Sultana 7.00, Perlette 7.00.

FINANCIAL TIMES SURVEY
Thursday, July 15 1982

ISLE of MAN

For all its efforts to use its local autonomy to develop as a financial offshore centre the Isle has been confounded by the world recession and the inability of its small bureaucracy to cope with the problems involved in seeking international status. As this survey shows, however, the commitment remains strong.

Difficult times in Douglas

BY ANTHONY MORETON, Regional Affairs Editor

THESE ARE difficult times in Douglas. In the past 10 months two of the Isle of Man's 49 licensed banks have collapsed and the Manx Government was forced in the second case to attempt a rescue operation. The economy is flat, there has been strain as a result of the decision to undertake two major capital programmes, unemployment is at its highest level for years and there are fewer tourists than for some time.

It is the bank crisis that is causing the most anguish at the moment. The affairs of International Finance and Trust Corporation, which called in the liquidator last autumn, have still to be settled. Meanwhile, the Government was forced to admit failure on Tuesday in its attempt to rescue Savings and Investment Bank, which had its licence withdrawn on June 25.

These difficulties would present problems for an advanced financial community. For a small country they are a grave blow, the more so because the island projects its status as an offshore financial centre on the back of political stability and financial probity.

That tax-haven status dates from 1961 when the Government, in an attempt to reverse the declining population and stimulate the economy, abolished surtax. It followed that move by reducing income tax to the point where there is now only one rate—20p in the £—by eliminating capital taxes of all sorts and introducing a flat fee of £200 a year on non-resident companies.

These fiscal changes had the desired effect. They stimulated very considerable growth in the Isle of Man as an *offshore* centre. But that speed of growth and the size the financial community reached outstripped the ability of the island's small civil service to exercise control. That is the lesson of the two bank problems.

Scrupulously

The Government has scrupulously investigated each application for a banking licence—in close consultation at all times, since it is a member of the sterling area, with the Bank of England. But unlike those on Jersey and Guernsey, most of those banks registered in Douglas have either been the British clearers or small operations.

International Finance and Trust Corporation might best be described as a very small private merchant bank; Savings and Investment Bank had some retail operations but it too was small. Therein lay the seeds of problems.

The island has been simply unable to police the banks in the way it would like or in the way it ought. The banks made their quarterly returns to the Manx Treasury but the Treasury has insufficient officials to check and cross-check.

With large banks this is not necessary in much depth. All the big banks have their own inspectors whose task is to see that things are running *smoothly*, legally and correctly. Small banks, where there might be no more than two or three executives to take decisions, might not always be so careful in their overseeing of their own operations.

There is absolutely no evidence whatsoever that either of the banks involved in the problems of the past year has been anything but correct in all its operations. But the island authorities realised some time ago that there should be tighter guidelines on banks' operations.

Unfortunately, it could not agree on what should be done. The major proposal was that a Banking Inspector should be appointed to oversee the operations of the banking sector but his appointment was blocked by those who argued that the salary such a person would command would throw the civil service pay scales into confusion.

Now that a second bank has run into trouble the island has called in the Bank of England to look at the whole financial structure and system. The island is careful to point out, though, that whatever is recommended the result will still be a Manx authority independent of Whitehall.

The arrival of the Bank of England team will not only add to the strength of those urging the appointment of a Banking Inspector but will also reinforce those, like Dr Edgar Mann, the new chairman of the Finance Board (in effect, the island's Chancellor of the Exchequer) who would like to see a central bank on the island.

There is an Isle of Man Bank but this is a subsidiary of National Westminster. What Dr Mann wants is a Bank of the Isle of Man, or some such title, which can give the sort of advice to Government and oversee the general banking situation in the way the Bank of England does in the UK.

The other great weakness of *banking* on the *island—unlike* the Channel Islands, there is no high-powered name bank in Douglas—may soon be rectified. One highly respected international bank is thought to be on the point of announcing the establishment of a full subsidiary in Douglas.

Such an arrival would also help lift spirits on the island. The financial sector currently accounts for 23 per cent of the national economy (or about 30 per cent if the earnings of professional groups such as accountants and lawyers are included), a rise from the 21.5 per cent of the previous year. But these figures are still a good way off the boom years of 1977-1978 when the sector accounted for 29 per cent.

This slight expansion may in fact be understating the rate of growth which has taken place more recently (island figures are always a year out of date because they relate to the previous tax year). Bank deposits have grown three-fold in the *past three years and over 2,000* new companies were formed last year. This means a record growth in deposits, reflecting the confidence following the ending of exchange control in the UK, and continues the high-level of company formations.

Re-examination

The prosperity generated by the benefits following the ending *of* UK exchange control *has* paradoxically led to fears about what might happen if a future British Left-wing Government were to reintroduce them (these fears are equally felt in the Chanel Islands). There has therefore been pressure for a re-examination of the link between the island and the UK.

That link is close, closer than in the Channel Islands and too close for many Manx people. But not too close for all of them.

Under the Common Purse Agreement between the UK and the island the former provides some services (defence), collects certain revenues such as those from offshore licences and repays the island a pro-rata share. But under the Agreement *Manx Customs and Excise* duties and VAT rates are levied at the same rate as those in the UK and change automatically when altered in the UK.

A growing proportion of the islanders believe this is iniquitous. They see it almost as a double budgetary blow on the island. The Manx authorities levy their own taxes to meet their own needs and then find at some arbitrary date that they have to take into account different VAT or customs duties which have been altered to meet *UK needs and not those of the* island. When Sir Geoffrey Howe raised the level of VAT from 10 to 15 per cent he did more to rally support for those wishing to abrogate the Common Purse Agreement than any other British Chancellor for years.

The UK Government obdurately refuses to countenance any change in this relationship, though 18 months ago it was forced to concede in principle the right of the island to abrogate the Agreement providing it gave three months' notice. Many islanders now want to use this power.

This lobby is fuelled by the fact that whereas Britain agreed to pay the island a share of the offshore licence fees it has resolutely refused to give it a share of petroleum revenue tax.

The UK does have a *big* stick, though, in that if the island wants to cut many of the remaining ties with the UK it *would find fewer ports* of entry for people and, more important, for goods in transit between the two.

At present there are sailings to Douglas from North Wales (in the holiday season), Liverpool, Heysham, Ardrossan and Belfast as well as air flights from several centres—Heathrow, *Gatwick, Liverpool*, Blackpool, East Midlands, for instance—and if the island had complete control over its customs duties it is thought that at least one of these would be closed, probably Ardrossan.

Pressures

Earlier this year Tynwald, the island's parliament, accepted a recommendation that there should be no change in the customs union with the UK. Any change might involve "considerable risk to the island's *prosperity*" it *commented. But* it also bowed to the pressures and accepted a need to "conduct a close investigation into the apprehensions with a view to determining if they are valid."

The opposition to a change was led by the island's manufacturing sector, which believed it would be at a disadvantage if its goods had to be taxed twice before reaching their destination—once in transit in the UK and once in the country of destination. Since this sector employs some 3,000 people it has a lot of muscle and has, up to now, been using it effectively.

The tourist industry is the sector which is pushing hardest for a change. If the island could set its own levels of duty on wines, spirits, other drinks, cigarettes, watches and perfumes, as in the Channel Islands, it *is* thought that the local image would be pleasantly polished up and more holidaymakers would arrive.

If relationships with the UK are the main constitutional issue at the moment there is also a vocal debate going on about how the island should govern itself.

The present situation *is* that the island has a 24-member House of Keys, elected quinquennially in November. Keys then elects eight members to the Legislative Council who are joined in an ex-officio capacity by the Bishop of Sodor and Man *and* the UK's Attorney General.

The Keys may vote anyone on to the Legislative Council, though its recent practice has *been to* elect *almost without* exception from among itself, thus necessitating by-elections.

These two bodies combine to elect *six of* their *members* to an Executive Council, though Exco members do not give up their seats in either of the other two houses. There has for long been an attempt to make the chairman of Exco the island's leading politician, in effect its Prime Minister, a move that was equally strongly opposed.

However, Mr Percy Redcliffe, a highly respected chairman of the Finance Board until last year's general election, has become chairman of Exco without having any departmental responsibilities, thereby opening the way to the post becoming a sort of *primus inter pares*.

Now there are moves to change this system. It has been proposed by the Keys that at general elections 33 members should be elected to Tynwald and that Tynwald should vote on which members should be in the Legislative Council, with the remainder being in the House of Keys.

All change on the island is resisted with an opposition that borders on the ferocious. This particular change will be hotly opposed, though the signs are that it might win through.

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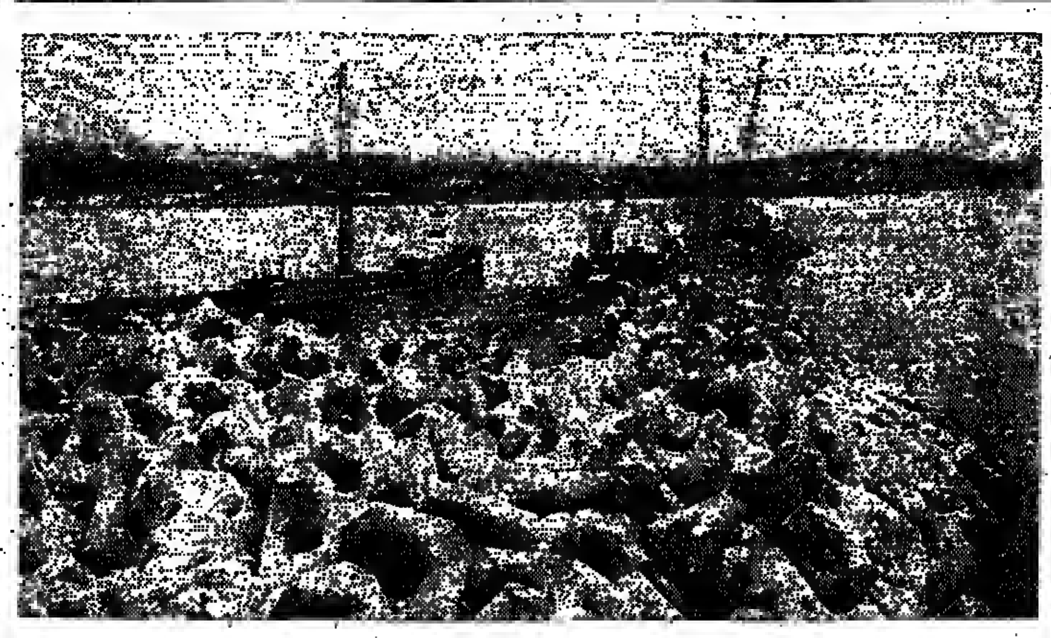
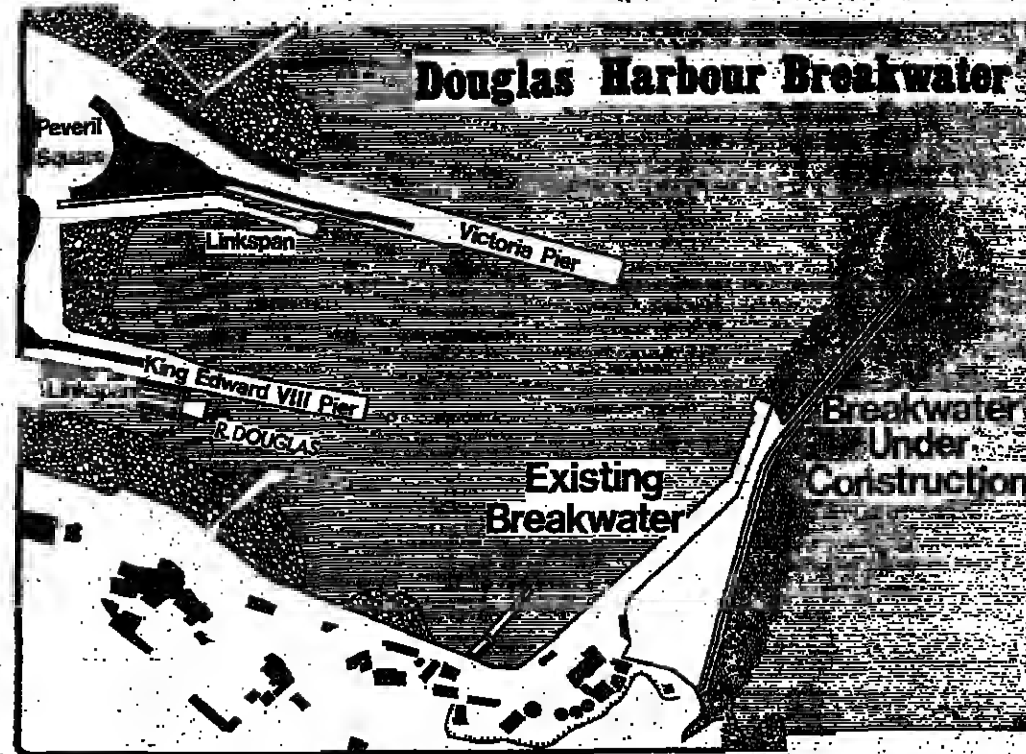
ISLE OF MAN II



One of the island's major capital works projects is the extension of the Battery Pier Breakwater at the harbour of Douglas. Contractors French Kier Construction are looking for completion by next December. Picture shows the concrete stabilisation units ready for positioning on the rubble base



The authorities have launched a major campaign to enable the island to rival other offshore financial centres like the Channel Islands.

Big push to attract international wealth

ISLE OF MAN officials are prone to describe the island rather coyly as a low tax development area rather than a tax haven but in recent years a great deal more emphasis has been placed upon the island's tax advantages. The Government has embarked upon an active programme of legislative changes in order to attract a range of financial services.

At one time the most important focus for the Manx financial industry was upon the wealthy individuals and pensioners attracted to the island by the tax regime; income tax is low (it has recently been cut to 20 per cent to equal Jersey's) and there is no capital gains tax or capital transfer tax.

Widened

This encouraged the development of various banks, stockbroking firms and trust companies. More recently, however, the financial sector has significantly widened its scope.

These days the emphasis is no longer on the wealthy North of England businessmen who might be attracted by the idea of residence on the island but is rather on the vast and growing pool of international wealth owned by expatriates. Such people usually have no intention of living on the Isle of Man but are looking for a safe and tax-free haven to deposit their assets.

A third area of activity is also definitely offshore in nature but concerns commercial rather than personal clients. Banks and investment managers are seeking to tap such markets and the most recent development has been the establishment of so-called captive insurance companies.

In such activities the Isle of Man has been rather late into the game compared with other territories like Bermuda or Jersey. But it is now making serious efforts by means, for instance, of a promotional campaign being put together by Streets Financial, the London public relations firm.

Mr William Dawson, Manx Treasurer: the authorities hope to boost the financial sector

There is a lot to be said in the island's favour. It is easily accessible by air from London and is at the same time able to offer a good range of financial services as well as ample physical space for expansion. Houses, for example, are readily available for incoming professional staff. In this respect the Isle of Man can offer an edge on costs compared with more crowded or distant tax havens like Guernsey or the Cayman Islands, even if the weather is not so appealing.

For the moment, however, it probably suffers in that its relationship to the UK may not be properly understood. Foreigners and expatriates are concerned not just about their tax position but also about factors such as foreign exchange controls—though these are only hypothetical at the moment—and confidentiality.

At present the Bank of England still maintains a measure of jurisdiction over the island's monetary affairs but the Manx Government has been considering the possibility of leaving the Scheduled Territories—even though there are no plans for breaking the parity with sterling.

Steps towards monetary independence would require approval by the British Parliament so the Manx Government will have to move carefully. However, Dr Edward Mann, effectively the island's Chancellor of the Exchequer, recently came out in favour of such development. "It would be advantageous if the Isle of Man had its own exchange control legislation," he said. "In my opinion it would enhance the island's position as an offshore centre."

Whatever the progress of the discussions with the Bank of England—and whatever happens it is likely to be several years before any major changes take place—the Manx authorities will be looking for every opportunity to boost the financial industry, the island's only growth sector.

Rents along Athol Street in Douglas, the island's premier financial address, are rising. The banking sector, the key to any expansion in financial services as a whole, has been expanding, with a doubling of deposits within the past three years to over £1bn.

But such growth, which has been paralleled by the rise in the number of licensed banks to 49, trading out of some 75 offices, has not been achieved without problems. One small operator went into liquidation last year. More seriously, the island's biggest independent bank, Savings and Investment Bank, with over £40m of deposits, suffered a run at the beginning of this month and closed its doors.

Rescue proposals have been abandoned and the affair underlines the Isle of Man's need to seek high quality in its banking community. Although most of the big UK mainland banks are represented and a number of the London merchant banks also have a presence, the lack of any major non-British bank is a handicap.

"There is no question but that it would be a good thing if a big international bank were to come," says a Douglas merchant banker. The Government has been talking to two overseas banks and names like Chemical Bank and Hongkong and Shanghai are widely rumoured; but the gap still remains.

Crucial

Undoubtedly, the collapse of the Savings and Investment Bank is a serious setback in this respect. The island's financial reputation is under pressure, and the question is whether the Manx Government can pull something out of the fire by imposing tight quality controls. There are plans for closer supervision of the financial sector.

But moving up the quality ladder is not cheap or easy and recent signs that Tynwald has been reluctant to pay the market rate for a qualified Banking Inspector have not been encouraging. The Bank of England is being called in to advise on what controls should be put into place and unless an effective system can be paid for, the Isle of Man could be stuck with the image of a poor man's Jersey.

Although a high quality banking sector is fundamental to the island's plans, it is not the only consideration. Offshore fund management is another growth area, with mainly British expatriates working in the Middle East and Far East emerging as the most prolific sources of business for the Manx fund managers.

Offshore unit trusts are also a significant activity on the island—Barclays Unicorn runs six Manx funds, for instance. But undoubtedly the Isle of Man is a long way behind the Channel Islands in this as in other areas.

Still, the Manx Government's determination to encourage expansion here as elsewhere was shown by the passage in April this year of new legislation on trusts. A large number of gilt-edged and currency funds have recently been set up in Jersey, where trust companies can have redeemable shares. Now the same kind of funds can be set up on the Isle of Man, raising hopes that a new area of growth will develop.

Barry Riley

Captive insurance companies seen as a major prize

THE ISLE OF MAN'S decision to attempt to build from scratch an offshore insurance industry is a clear expression of how it sees its economic future. For many years the island's Government has stood aloof while other tax havens around the world have built up profitable financial sectors. Now Tynwald—the island's parliament—is keen to devise new legislation and the Government is prepared to launch promotional campaigns in order to bring the island out of the financial backwaters.

Captive insurance companies are often set up by large industrial or commercial groups in order to handle part of their in-house insurance arrangements. Risks can be closely controlled by use of the reinsurance market and sophisticated management services are made available by the big insurance broking organisations.

Usually, though not always, captives are located offshore. This is partly because of the favourable tax treatment offered by many offshore havens—the Isle of Man, for instance, exempts both underwriting profits and investment income from income tax. It is also because there is freedom from the often onerous reporting and control requirements commonly imposed upon insurance companies by mainland authorities who are primarily concerned with the protection of consumers.

A captive located offshore can therefore hope to build up its reserves more rapidly, because of the absence of a tax burden, and can rely on cheaper administration. On the other hand, some of the costs of operation offshore—such as salaries and travel—may be greater. And the practicability of running an offshore captive insurance company depends upon the availability of local services of a financial and legal nature, as well as specialised insurance advice.

Around the world there are probably at least 1,500 captive insurance companies and the number is growing fast. The biggest share of this market has been secured by Bermuda, which is well placed geographically to handle the American captives—several hundred of which are also registered in the Caymans.

Of the British captives most have probably gone to Guernsey, which is recognised for its expertise in this area and probably is host to more than 100 companies. But the Isle of Man, like Guernsey, is close to the UK and incidentally is therefore close to the big reinsurance market at Lloyd's of London.

It was against this background that Tynwald passed the Exempt Insurance Companies Act last November. This provided that the island's Treasurer might, after consultation with the Assessor of Income Tax, exempt the whole of the profits or income of an insurance company from liability to income tax provided that the company undertook insurance risks entirely outside the island.

Pleased

With the passing of the new legislation a trickle of captives has begun to arrive in the island. So far 11 have been registered, eight of which are of British parentage. Officials describe themselves as "very pleased" with this response; they add that most of the big City of London insurance broking houses have formed subsidiaries in the Isle of Man.

The attraction to the island of hosting such companies is not just the annual fees of £3,000 or so per captive but the potential spin-off for the service sector. Substantial sums of money could move through some of the captives and all of them will need banks, solicitors and auditors.

The impact of an expanding financial sector will be felt by the airport, the taxi drivers, the hotels and the restaurants, as business travel grows, and there should also be benefits for the local property market—both commercial and residential.

The island's politicians are also concerned to build up the financial sector to an extent to which it can provide employment opportunities for the more talented local young people, who if they have a university degree are at present likely to leave for more challenging opportunities on the mainland.

There are, however, undoubted risks in concentrating on a sector like captive insurance. Where the incentive is freedom from tax and relative freedom from regulation, the quality of the newcomers may not always be high. This is a particular risk for the Isle of Man, which is only now challenging some of the established host territories and to a large extent is seeking to divert some of the flow of captives away from Guernsey.

At a time when there are question marks raised over the health of the international reinsurance industry, the Isle of Man will need to be careful to monitor the quality of the captives which come within its shores.

But the Manx authorities appear to be well aware of the dangers. It is intended that an insurance supervisor should be appointed in the near future and in any case the Exempt Insurance Companies Act gives extensive powers to the Treasurer to keep control of the activities of captives.

Restrictions include a solvency margin of at least 15 per cent and care is taken to see that the company officers are fit and proper persons to transact insurance business. Normally at least half the directors will need to be resident in the island. Information will usually be requested on an informal basis but the Treasurer has the power to demand access to all the company's books.

Barry Riley

Industrial estates projects justified by success in attracting newcomers

MANUFACTURING industry is a growth sector of the Isle of Man's economy in spite of the world recession. Already it provides permanent employment for over an eighth of the island's workforce and government support is aimed at ensuring that this workforce grows as quickly as possible.

When Tynwald decided that manufacturing industry should be encouraged to increase the aim was, as it still is, to diversify the range of industries as much as passible. At the same time it was accepted that the tourist industry was important so a firm guidline was laid down that the island's environment should be disturbed as little as possible.

There were grim reminders in two aeras of what can happen when a waste producing indusrty, lead mining, does its worst. So the Industrial Advisory Council, now a full Board of Tynwald, agreed that there should be compact industrial areas estabilshed in locations easiyl accessible to people in the main conecn trations of population. From 1976 Mr Edward Kerruish, a Tynwald member with a business background, was chairman of the council, and now has become chairman of the Board, the Manx Industry Minister.

In spite of brushes with con servationists the establishment of industrial estates has gone steadily ahead, and plans for yet another of these compact areas of industriala ctivity, at Peel, are in hand. Most visitors to the island will be unaware of their existence, yet the list of industries operating is a long one and well diversified, ranging from aviation to yacht building.

Of course this has not just happened. A great deal of effort has been, and is being, put into campaigns to attract industrialists to establish factories on the island. There is a clear realisation that there is keen competition from other areas trying to attract industry and the board is convinced that the Isle of Man has special attractions not avail ablo in all other competing areas.

"We can offer financial and political stability, through our Government, and good industrial relations. There is also a versatile workforce which the Manx Government is trying to ensure has training to allow its members to adapt to new plant in the factories," says Mr Kurruish outlining his board's policy.

The training includes two schemes, both for engineering, one for school leavers, the second for people transferring from other jobs.

Mr Kerruish also points out the taxation advantages for industrialists, no corporation tax or surtax, and a low, 20p in the £, standard rate of income tax for residents and non-residents.

The board offers generous grants and loans to industrialists setting up factories. And when a firm becomes established there is still support for new plant. This has enabled small precision engineering firms, the backbone of the industrial sector, to purchase the most sophisticated machine tools available.

Mr Kerruish says it was always made clear to investigating industrialists that the Isle of Man is not isolated and has good air and sea services throughout the year, with roll-on, roll-off cargo ferries available to carry goods with a minimum of delay at ports. In that way through shipment by lorry to any destination is possible. Air freight facilities are also available to and from the island.

Mr Kerruish and his board are, rightly, proud of the way Manx manufacturing industry has weathered the storms of the recession. The total workforce employed is 3,000, and in the past two years fewer than 100 have been made redundant. In many cases, in fact, men who have been declared redundant have rejoined the same firm within a few weeks.

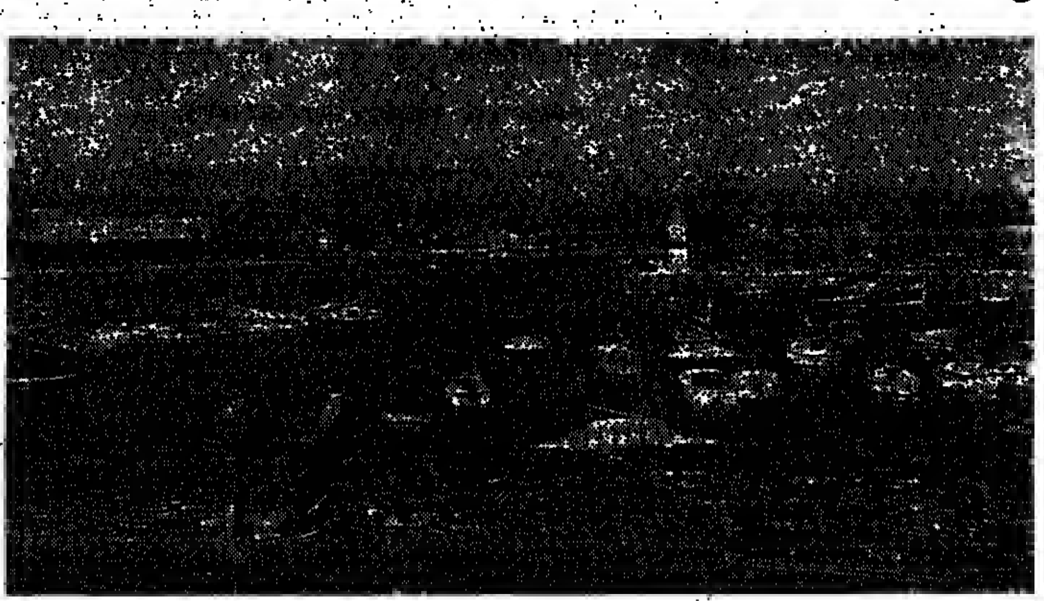
The manufacturing industry sector of the Manx ecenomy is bouyant and expanding, ready to play its full part in the long awaited general recovery.

W. R. Clucas

If tourism is to flourish better all-round facilities will have to be provided

Pressure to win back the holiday crowds

IT IS just two miles from the Crow's Nest Restaurant, near the entrance to the docks, to Summerland at the other end of Douglas's promenade. Those two miles, forming a deep crescent, are a perfect representation of the British holiday resort. The islands may be self-governing but it relies on the mainland British for its bread and butter — and all its jam too.



Port St Mary—once a fishing port—has the air of any of Britain's holiday resorts

In the centre of the arc there is the four-star Palace Hotel, flanked by its Lido and associated attractions. Either side there is a cross-section of hotels that perhaps announce their owners' — or their one-time owners' — background.

These hotels' names are a mirror of a different past, perhaps a more gracious past, when the Wakes Weeks crowds would descend on Liverpool, Fleetwood and Ardrosson in their thousands en route for Douglas's imperial charms.

They would stay at the Lansdowne, Metropole, Piccadilly or Braemar — or perhaps the Rutland, Clifton or Grasmere. Then there was the Balmoral, Windsor, Osborne or Rothesay, all gracious echoes of Queen Victoria and her wanderings.

The hotels remain, smartly repainted over the past two or three years so that Douglas looks as though it has had a giant wash and brush-up. All that is missing is the crowds.

Douglas, and the Isle of Man as a whole, is having a nasty summer. The horse-drawn trams that are a feature of the Manx capital and the electric railway that pulls up the coast to Laxey and its famous wheel have few patrons. There is one universal word to be seen in all the windows of the hotels along the front; vacancies.

Unemployment and the recession has taken its toll on the crowds that once came from Bolton and Bacup, Burnley and Barnsley, not to mention Glasgow and other points. And if the families are in work and want a holiday the Spanish Costas are cheaper, sunnier and offer a tingle of foreign hopes.

The island's problem is that it has failed to come to terms with changing holiday patterns. It still attracts the motor-bike fraternity inenormous numbers, drawn essentially by the June TT races but also by those held in the autumn. It still attracts a smattering of visitors from the North West, the Midlands and the London area. But whereas tourism once accounted for a large share of the national income it now contributes only 10 per cent.

The island has attempted to put more resources into self-catering appartments in the past couple of years but it is a case of too little and too late.

Yet the island has some unrivalled facilities if they to be exploited—and that exploitation need not involve over-commercialisation of its resources. Hill-walking, pony-trekking and other outdoor activities could take place in areas which would take the crowds away from Douglas and provide income for the rural areas.

Snaefell, after all, rises to just over 2,000 ft and around the north and west of the island there is plenty of room for any number of tourists to lose themselves in the peace and quiet which are one of its main attractions.

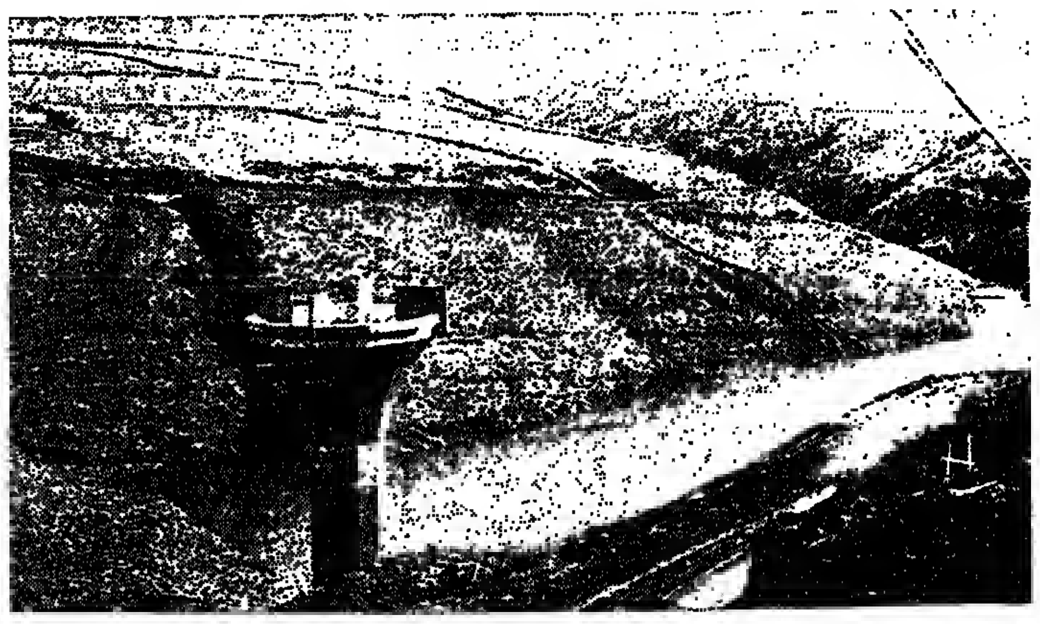
In the south, around Port Erin, Port St Mary and Castletown there are ample facilities for sailing to be developed. With a few more golf courses the place could become a golfers' paradise.

Yet none of this has been developed in a meaningful way. Those in the industry despair of the attitude of the government towards an important revenue raiser.

To be fair to the island there have been some moves towards the encouragement of specialist events. Three years ago the mini Ryder Cup for golf professionals was held at Castletown and this September the World Sea Angling Festival, which is expected to attract some 5,000 competitors, is to be held on the north coast.

This is the way ahead. But if the island is to attract more high-income visitors then it must undertake a programme of new hotel development. With the exception of the Palace, hotels on Douglas's front are Edwardian-type. They have undertaken a lot of improvements, like putting in bathrooms, but there is no five-star hotel on the island and this is what is needed if the well-to-do are to be lured into spending their holidays there as well as setting up homes.

Anthony Moreton



The Sulby dam—a major capital project—showing (top) the extent of the area to be flooded and (below) the sealer coat being applied to the face of the dam

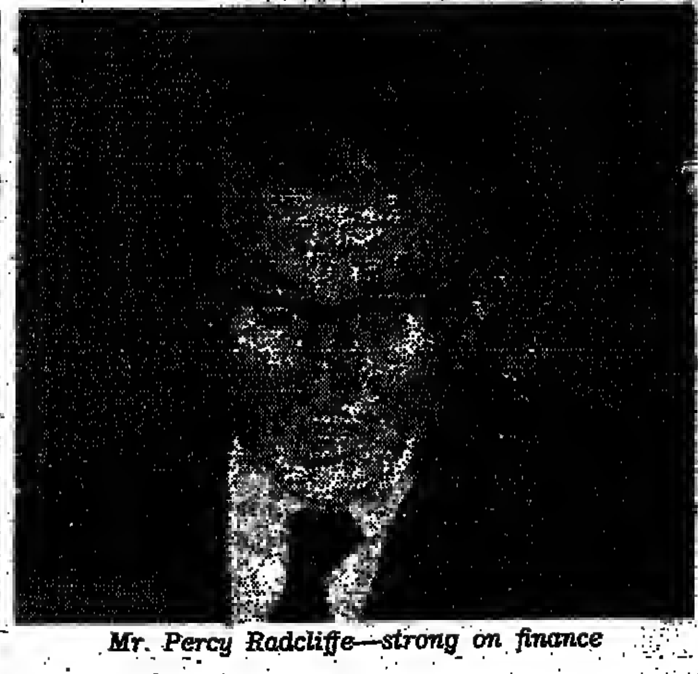
ISLE OF MAN IV

Promotion of the Manx identity worldwide—and in particular the island's financial services—is in the forefront of its Government's planning. Below are the views of a representative quartet from among leading Manx personalities concerned in this common endeavour.

PROFILE: SIR CHARLES KERRUISH

Long-serving Speaker

Sir Charles Kerruish—free to join in debates



Mr. Percy Radcliffe—strong on finance

SIR CHARLES KERRUISH, Speaker of the House of Keys, the lower elected, house of Tynwald, since 1962, and a member of the house since 1946, is proud of two records. He is the longest serving Speaker in the Commonwealth and the only one with a daughter, Mrs Clare Christian, as a member of the legislature over which he presides. To complete the family record a cousin, Mr Edward Kerruish, entered the House of Keys in 1962 and since 1970 has been a member of the Legislative Council.

Before it was decided that the House of Keys Speaker should not be a member of any Tynwald Boards, the departmental bodies which run Manx Government Ministries, Sir Charles was chairman of the Health Services Board and a member of the Governor's Executive Council, the Manx Cabinet.

Certificates

Unlike Westminster's Mr Speaker Thomas, Sir Charles can take a full part in debates in Tynwald when Council and Keys sit together. He takes full advantage of that freedom of action, in effect speaking as a member for his constituency, Garff. In that way he has taken many political initiatives, being especially active on constitutional issues.

At a recent Tynwald sitting when members were agonising over the customs union with the UK he sharply told them to stop acting like a local authority and be a parliament. There can be no doubt that his words were heeded, even though Tynwald hesitated to end the agreement there and then.

Although his political life is a full one Sir Charles still finds time to be an active farmer, working the farm, Bellafayle, which he inherited from his father. Outside his own farm he has wide interests in the working of the farming community, interests which sometimes lead to clashes with the Board of Agriculture.

In farming he is especially proud of his presidency of the Manx Loaghtan Sheep Breed Society. These four-horned sheep were brought to the Isle of Man by the Vikings. Sir Charles played an active part in efforts some years ago to save the breed from dying out. There are now several flocks on the island and their future appears to be safe.

He is Captain of his native parish Maughold and well qualified, as a breeder of light horses, to fulfil one of the ancient duties of that now sinecure office. He could easily supply horsemen for the island's defence.

W.R.C.

PROFILE: PERCY RADCLIFFE

Island Prime Minister in effect

CONSTITUTIONAL evolution made it inevitable that the chairman of the Governor's Executive Council should be free from departmental ties and no longer have divided loyalties at its meetings. Just before last November's general election Tynwald agreed to this and when the new Tynwald assembled in December Mr Percy Radcliffe, a Member of the Legislative Council since 1980 and a Member of the House of Keys for his home constituency of Ayre from 1963, was elected to an office which in fact makes him the Manx Prime Minister.

A farmer's son, he entered politics through his work for fellow agriculturists over a period of years. He was president of the Royal Manx Agricultural Society in 1962 and has been a member of the island's Agricultural Marketing Association committee since 1951.

After his election to the House of Keys he was appointed a member of the Local Government Board, becoming its chairman in 1966 and holding that office for 10 years. Then in the following year he became a member of the Executive Council and had his first experience of general government. This was a period when the functions of the Local Government Board were expanding, as central government took control of local authority services, and it was a sound apprenticeship for the chairmanship of the Finance Board to which he was appointed in 1976.

Negotiations

Although at that time the Manx economy was buoyant he warned Tynwald right from the start about the need for tight control of public expenditure, a warning which was not heeded. His successor, Dr Edgar Mann, has had to take a scalpel to the estimates for the years ahead.

Tynwald at that time was also pressing for control of Customs and Excise, which had been under British control ever since 1765, with grudging concessions made over the years. So he found himself in long negotiations with the UK Government which ended with the signing of a customs union agreement in 1979. This harmonised duties and VAT but allowed variations to be sought on three months' notice. So far the UK Government has turned down requests for changes, so the battle continues, with local pressure groups trying to influence the delicate negotiations.

Since his retirement from active farming Percy Radcliffe, has somehow found time to be a very active member of the Sulby community, as well as continuing his interest in the Royal Manx Agricultural Society shows, held every other year at Sulby. As if this were not enough he also finds time for his hobby of driving hackney ponies. Who knows but in the future he might be challenging Prince Phillip and George Bowen for national honours.

W.R.C.

PROFILE: 'JACK' NIVISON

Elder statesman fills new office

WHEN TYNWALD decided in 1980 that the Lieutenant Governor should no longer preside at sittings of the Legislative Council, its upper house, the senior council member, Mr John Allen Cowell Kennedy (Jack) Nivison, was elected President. A council member since 1962, he entered Tynwald as a Member of the House of Keys for Middle in 1948 after serving for a short period as a member of Onchan Village Commissioners.

In business life he was the island manager for a major insurance company and it was inevitable that he should become a member of the newly formed Board of Social Services when it was formed in 1948, as well as chairman of the Board of Social Security when it took over from the earlier board in 1951, holding that appointment until 1976. In the same year he became a member of the first Governor's Executive Council and helped to build it up from a consultative body to one with the status of a Cabinet.

More recently his political life has been concerned with transport, and as Airports Board chairman he has taken part in negotiations with airlines and the UK Civil Aviation Authority (CAA). The result has been that the island's views are sought, and carefully considered, when the CAA decides on route licences which would affect the Isle of Man.

For many years he has lived in Onchan and although he is no longer a member of the local authority takes an active interest in many village organisations. His links with Onchan were acknowledged in 1972 when he was appointed Captain of the Parish. While this is now largely a sinecure office it has ancient links, since the holder commanded the parish militia and had to parade horsemen when required by the Lord of Man.

Now an elder statesman he brings to his new office a wealth of experience and his interventions in Tynwald debates are always carefully considered. His main hobby is gardening and the garden of his Onchan home shows that his patience extends beyond the bounds of Tynwald and Board meetings.

W.R.C.

Mr J. A. C. K. Nivison—wealth of experience

PROFILE: DURSLEY STOTT

Aims of a stockbroker athlete

DURSLEY STOTT sits, literally rather than metaphorically, with his back to the wall facing the window that overlooks Douglas' financial centre, Athol Street. More important, he sits facing the large television set carrying the market price display service. It is carrying the good news about GEC's jump in turnover and profits and he is gently pleased.

These are not easy times for stockbrokers and Stott is senior partner of the island's oldest firm, R. L. Stott and Company. The firm is celebrating its centenary this year, though the Stotts only became associated with it in 1936 when his father took control.

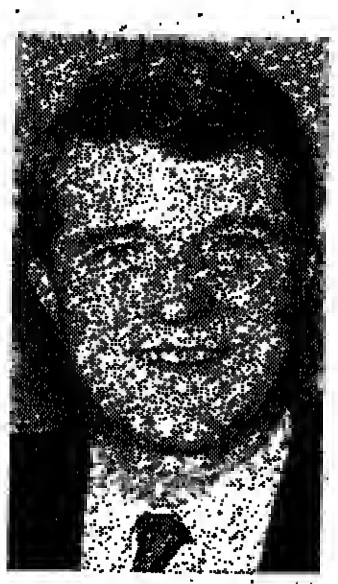
He himself joined the company in 1959 after National Service and Cambridge. "At that time," he says, "there were a lot of Manx people in local shares and a few gilts and some overseas securities.

"But there was not a lot of interest in the UK market." Like all Manxmen he refers to Britain as the UK, it's somewhere else, over there. "But in the early 60s we did away with surtax and that was the starting point for a big growth in our economy, especially on the financial side. This was the start of the years of awakening."

Since then the number of brokers has also expanded. There is now, Stott says, a very strong financial community centred on Athol Street.

For years Stott — the company, that is—had been members of the provincial exchange. But in 1973, when the provincial exchange and associated exchanges such as Glasgow, Liverpool and Birmingham, were amalgamated with the London Stock Exchange he found himself in a much bigger and more important league.

He believes that the future lies with both the large and the small firms, the large being able to give those in-depth services and wide geographical coverage that is now required and the small having local knowledge and specialist services to offer.



Mr Dursley Stott—lifetime commitment

His commitment to the firm and to the island is total. Dursley Stott never wanted to work anywhere else and there was no question about returning to Douglas at a time when many of his contemporaries were opting for life, and work, in the UK. The island was very much in a trough at that time and it took some courage to return.

"In 1959 there was not a single contemporary of mine on the island. Five to ten years later they were returning. And as the tempo of activity has increased here not only have more returned but we now have jobs to hold people."

Stott had what might be called in army terms, "an interesting university." He did enough work to get a law degree but his main interests were outside the confines of academe.

Ever since school days at King Williams' College he had been a keen sportsman, with rugger, cricket and athletics vying for his attention.

He went up to Magdalene—then, as now, the social college whose master Sir Heny Willinck, who had been a Minister of Health under Churchill — in the autumn of 1956 after two years in the Loyals. Willinck used to ask all his young undergraduates to sherry in the first year and, if he liked them, they were asked to dinner in the second year.

But the social peak was to be asked to breakfast; Stott was invited to breakfast.

At school it was thought he might get a blue at cricket and he got a freshman's trial. But he decided that cricket was too demanding and turned to athletics in his second year. He was selected as a sprinter for the relay and field events match against Oxford, but under the rules then existing did not qualify for a blue.

There was consolation; he was chosen to represent the Isle of Man in the 1958 Commonwealth Games in Cardiff and remembers lining up in one of the most high-powered heats you could imagine. The atmosphere, the crowds and the competition all excited and frightened the young man of 23.

The link with athletics remains. He is president of the Island's Commonwealth Games Association and this September will be in Brisbane with the Manx team for the next Games.

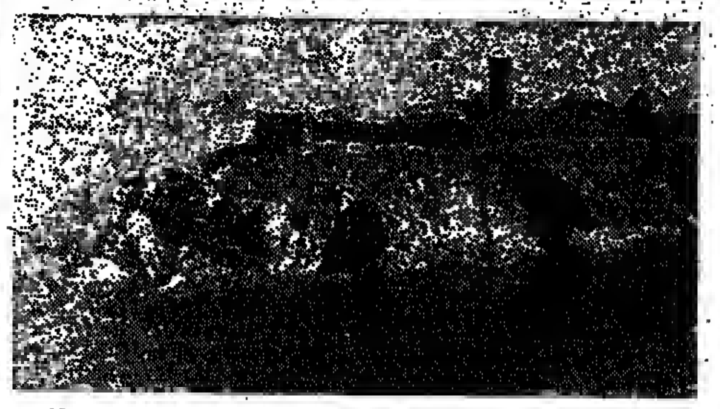
Opportunity

"I will combine it with some work in the Far East and Australia. I just can't resist it. I have been to Singapore and Australia for the past couple of years and the Games gives me an opportunity to meet people in my field."

Looking ahead, he believes the Manx Government is taking the right steps to make the island and its facilities better known internationally and become more outward-looking. He does not want the close links with the UK — "from across" as he puts it — broken but he does want the Island to have a more international character.

The Commonwealth Games are his personal part of that search for a greater identity for the Manxman in the wider world.

A.M.



Two of the island's tourist attractions: the Laxey water wheel and ancient Peel Castle

The traveller and his needs

Getting there

BY AIR

From London Heathrow: British Midland Airways has two flights daily to and from the Isle of Man. Schedules are arranged to allow a full day in London or the island.

From Liverpool: British Midland operates two flights daily in each direction.

From Belfast: British Midland operates two flights daily in each direction.

From Manchester: Air UK operates two flights in each direction daily.

From Blackpool: Air UK operates two flights daily in each direction.

From Glasgow: Air UK operates one flight a day in each direction from June to September, two flights weekly for the rest of the year.

From Dublin: Air UK operates one flight a day in each direction from June to September, two flights weekly for the rest of the year. Avair operates one flight daily in each direction all the year round.

From June to September there are flights at weekends from Edinburgh and Leeds-Bradford (Air UK); from Aberdeen, Newcastle, Birmingham, East Midlands, Bristol, Cardiff and London Gatwick (Dan-Air); from Prestwick (Logan Airways); and from Teeside (Cazar Airways).

There are two air taxi companies based at the Isle of Man Airport, City Air Links and Woodgate Air Taxis.

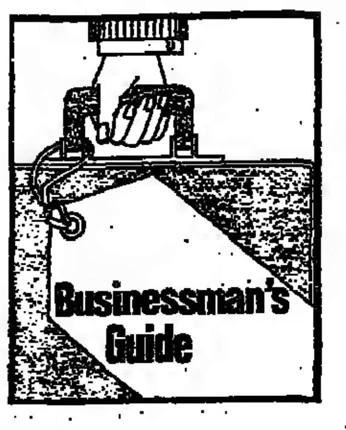
BY SEA

Isle of Man Steam Pecket Co. car ferries operate throughout the year from Liverpool to Douglas, with services from Ardrossan, Belfast, Dublin, and Fleetwood during the summar season. These ships can carry light commercial vehicles, and are supported by a ro-ro freight service between Liverpool and Douglas which can carry heavy loads.

Sealink operates a ro-ro passenger-freight service between Heysham and Douglas with night sailings from Heysham every night.

Car hire and taxis

A number of garages on the island operate hire drive services; two of them, Athol Garage and Mylchreests, bave branches at the airport. There are ample taxi services in all the island's towns.



Telephones

Any Isla of Man number can be dialled from the UK (STD code: 0624) and the full international facilities from British Telecom are available.

Business hours

Bank bours are 9.30 am to 3.30 pm at both the UK clearing bank branches and international banks. Office hours are generally 9 am to 5.30 pm with most offices closed on Saturday. Many close for about an hour at lunchtime.

Shops generally remain open at lunchtime, and many work a six-day week, ignoring the early closing day. Wednesday in Ramsey and Thursday elsewbere. However some, mostly small, shops close all day on the early closing day.

Banks

UK clearing banks have several branches in the island, most being represented in all the towns. British merchant banks and international banks are also well represented, with offices mostly in Douglas.

Public holidays

As oo the mainland with one extra, Tynwald Day, July 5, when the Manx Parliament meets at an open-air sitting to proclaim the laws passed during the year.

Useful addresses

Government Offices (main government business centre), Bucks Road, Douglas (Tel: 26262).

Central Registry (company affairs and searches, civil court offices; property register), Finch Road, Douglas (Tel: 5506).

Customs and Excise, Customs House, North Quay, Douglas (Tel: 4321).

Chamber of Trade, Commerce and Industry, 6, St Georges Street, Douglas (Tel: Douglas 4941).

Restaurants

With a growing resident population, there has been an iocrease in the number of restaurants available throughout the year, and many bave received recommeodations in good food guides. In the summer season reservations are advised. Some of the larger hotels operate restaurants.

Douglas: Admiral House, Loch Promenade (29551); Boncomptés, King Edward's Road (5626); Villier's Hotel, Loch Promenade (27611); Sefton Hotel, Harris Promenade (26011); Castle Mona Hotel, Central Promenade (4356); L'Experience, Summer Hill (23103); Palace Hotel, Central Promenade (4521).

Ramsey: Harbour Bistro, East Street (814182); Ravensdale Castle Hotel, The Glen, Ballaugh (897330).

Peel: Lively Lobster, The Quay (842789), summer only.

Castletown: Castletown Golf Links Hotel, Fort Island, Derbyhaven (822201), summer only.

Ballasalla: The Coach House (822343).

Hotels

At present there is no official grading system, hut the island's Tourist Board plans to establish one soon. Hotels shown are open all the year round, although some which are seasonal only have received recommendations for catering.

Douglas: Villier's, Loch Promenade (27611); Admiral House, Loch Promenade (29551); Sefton Hotel, Harris Promenade (26011); Castle Mona Hotel, Central Promenade (4356); Empress Hotel, Central Promenade (21935); Palace Hotel, Central Promenade (4521). Tariffs vary according to the time of year.

ISLAND NOTEBOOK

BY ANTHONY MORETON

THE MANX authorities have always taken a much more relaxed attitude towards people who want to settle there than those of other islands such as Guernsey or Jersey. For all that, it still has its problems. At the meeting of Tynwald last week a lady from Peel petitioned the parliament (one of the attractive features of the constitution) because she claimed the work-permit system was forcing her daughter and son-in-law to emigrate.

The administrations of Jersey and Guernsey take the view that you can live on their islands if you can find somewhere to live but they make it extremely difficult and highly expensive to do that. Anyone can arrive on the Isle of Man and live there but the island has very tight rules as to who can find work.

No outsider can take a joh if it can be shown there is an islander who is qualified and who wants the position. Of course there are ways round the rules but they take time and effort and can be self-defeating.

It is understandable that there should be some regulations. Islands, especially tax havens, are attractive places to work and, in the Manx case, to live. It would be all to easy for a flood of people to come in and destroy the essential character of the place. Many Manx people are intensely worried as it is about the preservation of their quality of life and do not want to see it trampled on hy people whose only interest is to benefit from the 20p in the £ lavel of tax.

But at what point does one draw the line? A couple of years ago an official report suggested that the population should he allowed to grow to 75,000 from its present level of just over 60,000. This caused enough of a stir hut in the meantime unemployment has risen to its highest level since the 1950s and the flow of immigrants has largely stopped. Indeed, it probably is going the other way. "The wealthy incomers always go hack when there is a Tory Government at Westminster, especially one like Mrs Thatcher's," I was told.

With the island anxieusly seeking to hoost its mannfacturing sector there is a need for more skilled people on the island. Bottlenecks are already appearing in some sectors because of sbortages of particular skills, which makes the administration of a population policy all the harder.

This does nothing to lessen the ire of the petitioner from Peel who is aggrieved to find that her family, born and brought up on the island, do not qualify for Manx status because they were away in 1975 on the day which gave people their citizenship. Lots of professional people such as doctors and others like students, seamen and servicemen suddenly found they needed a work permit to get a joh in their own homeland. It's one of the

Where the rod still rules

IF THERE is one thing that cements the native islander and the income quicker than any other it is the question of hirching; more particularly, the decision of the European Commission for Human Rights a couple of years ago that hirching should be abolished. "They should keep their noses out of our affairs," I was told hluntly by ona civil servant of otherwise impeccahle liberal convictions. "We don't want your city crima rates over bere and we're determined to keep birching."

All of which is highly embarrassing for Mr William Whitelaw, the Home Secretary, and the Home Office. Constitutionally the island's relations with the UK are conducted through the Home Office and the UK represents the Isle of Man before hodies such as the Human Rights Commission. But tha UK has no power to enforce on the island the *obiter dicta* of any outside body, so that when Mr Whitelaw was told to end birching, how could he? His fiat ends at the British shoreline.

Of course he can (and no doubt does) exercise that power so eloquently described by the late Mr Iain Macleod as "lunchtime persuasion." It may have won him a hreathing space hecause the Island has not birched anyone since the edict from Europe. But the island has not dropped the power, which it was told to do. One of the things about heing small is that you can put your thumb to your nose to big hrother with impunity, which is just what Douglas has done.

Viking names live on

THE SENSE of heing abroad comes very quickly to the visitor to Douglas. Although the town looks like any other English seaside resort it is the names that give the game away. The Manx people have distinctive names. Corkill, Creer, Keig, Kermonde, Quiggan and Quirke, make you feel yon have almost, but not quite, been here before.

Tha emphasis on names starting with the letter C or K, and to a lesser extent with Q, stem from its Viking and Gaelic antecedents. Both letters C and K are pronounced hard and thought to be based on the Gaelic Mac, meaning "son of . . ." So Macluke, the son of Luke, could hava become Clucas.

However, Bill Clucas, the FT's correspondent on tha island, tells me that his surname, prohahly the second oldest to he established, might have had a Viking derivation since the longest-estahlished name—Mylecraine—came from that root. Corkill, for instance, is thought to have coma from the Norse Thorkell and Cottier from the Norse Otter.

It has heen possihle to trace the longevity of many names from tha habit of putting Balla, or "home of . . .", in front of many names. Hence Ballavale or Ballasalla.

The links with the Vikings are everywhere and not just in place names. The raiders arrived first in the 8th century and later settled there. It was they who gave the island its parliament, or Tynwald, a body which meats monthly even today. When the Norsemen claimed suzerainty of Man they were just adding to a kingdom that already included the Hebrides as well as parts of the mainland of Scotland.

The ex-colonial boys

THE WEALTHY immigrants who have settled in Ramsey and Port Erin to take advantage of the tax laws are for the most part not really all that wealthy.

Admittedly there are people like Robert Sangster, of the Vernons Pools family, who has won just about every Derby that has been run this year. But for the most part the settlers are former Civil Servants trying to protect their fixed pensions against inflation in a tax haven.

Many of them served abroad, in Kenya or the Far East. This has led to their being known by the natives as "wheneyes," a reference to their alleged opening conversations, especially in cocktail chatter, with the phrase: "When I was in Nairobi . . . ." or "When I was in Kuala Lumpur . . ."

Respect for the wee folk

"THE ISLE OF MAN is aptly named," said my companion, the manager of one of the island's leading hotels. "There is little place for women here. The women stay at home and the men go out and make the decisions."

Perhaps ha was talking as an outsider, or an "incomer" as they are sometimes known. But be must have some insight hecause he employs quite a few locals, women especially, in his trada. One quality that both Manx men and women do have is loyalty; his staff: turnover tends to be low, certainly compared with a British hotel where it can be over 300 per cent, though this might be because jobs are hard to come by on tha island at the moment.

Another quality they have is a reverance for things past. Just outside Santon, on the road from the airport into Douglas, there is a bridge called Fairy Bridge. The Manx people have a deep respect for the little folk and I was told on my first visit some years ago that every islander automatically raised his cap as he crossed the hridge. "To pay honour to the little folk, you know. If you don't the most appalling calamity will befall you."

Now talk of fairies and calamities is obvious nonsense to any sophisticate from the big city. Fairies belong to the world of Enid Blyton, not tax havens. On that first visit, in the company of John Griffiths, one of our motor industry writers, a similar agnostic on the subject, we decided to ignore the advice. No one was going to tell city slickers like us what to do about fairies.

Later that evening we were to dine with John Webster, the island's most agreeable chief economist. John collected us in his car end on the way to the restauraot we had to cross a ford. What should happen but that the car—a Japanese model and therefore the acme of reliability—stopped in the middle of this shallow ford and refused to budge.

John, who was sitting io the front seat of the two-door car, had to take his socks and shoes off, roll up his trousers and stand in the extremely cold water drying out the points before the car would move. He was greatly cheeked by the local population of young boys who appeared from nowhere to witness the scene. Ever since then I have punctiliously saluted the fairies every time I cross the hridge outside Santon.

WORLD STOCK MARKETS

Early decline on Wall Street

WALL STREET went narrowly lower at mid-session with Oil stocks the only bright spot in the market.

The Dow Jones Industrial Average was off about 1¼ at 822.68, near the level it hovered at most of the morning. Declines led advances by seven-to-four. Volume totalled some 26m shares.

Analysts attributed the weakness in the market to a combination of profit-taking, worries about second quarter corporate profits and nervousness over the possible impact of Iran's invasion of Iraq.

President Reagan told congressional leaders that the invasion of Iraq could jeopardise the entire Gulf region and the White House was prepared to consult other Gulf countries on means to support them if their security was threatened.

The escalation of hostilities in the Middle East boosted some of the Domestic Oil stocks. Analysts said there was speculation that the Domestics would benefit from increased demand if the flow of Middle East oil was disrupted.

Advances in the group included Standard Oil Ohio up 1⅜ to $29¼, Atlantic Richfield 1⅜ to $36⅝, Standard Indiana 1½ to $38¼ and Union California ⅞ to $29⅛.

IBM was the volume leader and rose ⅜ to $64⅝. The company reported on Tuesday a larger-than-expected gain in second quarter earnings. Gannett, which also reported higher earnings, rose ⅞ to $32⅜ in heavy trading.

Bally Manufacturing shed $1 to $29⅞ in active trading. A Nevada court on Tuesday stopped the company from selling a new line of video games in that state.

The NYSE All Ordinaries Index dipped 0.02 to 62.86.

THE AMERICAN SE Index shed 0.74 to 247.59 on turnover of some 1.9m.

Canada

Stocks were off slightly at mid-session with losses in resource-based issues.

The Toronto Composite Index slipped 1.9 points to 1,382.4 on volume of 2.68m shares. Declines led advances 165 to 132.

Among the Index groupings, Metals fell 5.6 to 1,296.7, Golds dropped 21.2 to 1,742.7, and Oil and Gas eased 11.2 to 2,308.2.

Dome Petroleum was unchanged at C$5⅛ in active trading. A Japanese oil company official said the company had approached Dome for information about the assets Dome has for sale.

Turbo Resources, off 2 cents at C$1, said it has filed an application to seek permission to appeal against recent court decisions involving its bid for Merland Explorations.

Tokyo

Shares lost ground on profit-taking in Blue Chips after four consecutive days of gains, with sentiment undermined by the yen's new downturn against the dollar.

Uncertainty over the future direction of U.S. interest rates also affected trade, dealers said.

The Nikkei-Dow Jones average lost 34.01 to close at 7,155 in moderate trading on volume of 430m shares, while the Tokyo SE Index dipped 3.59 to 530.20. Light Electricals, Motors, Precisions and Computer-makers led the move down.

The conflict between Iran and Iraq also overshadowed sentiment but pushed up prices of Oil issues.

Hong Kong

Stocks recovered from early lows to close steadier, mainly on late speculation over a local interest rates cut, brokers said.

Prices eased initially in line with indications abroad, but advanced after mid-morning on thoughts that the Association of Banks may lower interest rates in its weekly meeting tomorrow.

The Hang Seng Index closed up 4.57 points for the half-day to 1,299.42, after a loss of 6.03 earlier.

Leaders closed mostly higher, with Jardine Matheson up 20 cents to HK$17.30, China Light 10 to HK$16, HK Bank 10 to HK$11.30, HK Wharf 2.5 to HK$4.725, Hutchison Whampoa 10 to HK$16.90, and Swire Pacific "A" 10 to HK$11.80.

Elsewhere, Carrian Investments rose 2.5 to HK$3.55, Paul Y 10 to HK$6, Tai Cheung 2.5 to HK$2.275, Wheelock "A" 5 to HK$5.90, and World International at HK$2.85.

Singapore

Prices turned downward in light trading to reverse a two-day rally. The Straits Times Index closed at 690.77, down 6.53.

Brokers said the local market still looked abroad for direction but found little with Wall Street and Hong Kong finishing little changed.

Market analysts said the prospect of a cut in the prime rate by the big four local banks before the end of the month might improve sentiment.

Germany

Shares closed mixed as foreign buying stimulated by the lower D-mark helped the market to recover from an easier start. This was induced by early softness in the Domestic Bond market and a lower Wall Street overnight close, dealers said.

As the Commerzbank Index edged up 0.90 to 684, Commerzbank itself closed at 133.50, DM 1 higher than on Tuesday, while Dresdner fell 0.20 to DM 137.10 and Deutsche 0.10 to DM 264.50.

Brussels

Shares were steady and foreign shares higher in moderate trading, with the Industrial Index at 93.08 against 92.62 on Tuesday, and the All Shares Index at 192.50 compared with 189.38.

Among Belgian shares, Cockerill and Cobepa rose 3 per cent, and Vieille Montagne, Finoutremer, Ebes and Arbed rose 2 per cent, while Sidro, UCB and Asturienne fell 2 per cent.

Milan

Prices were mixed-to-firmer in increased trading, with sentiment still cautious but boosted by institutional buyers, dealers said.

Centrale, financing associate of Banco Ambrosiano, picked up 18 to L1,788. Generale Immobiliare, Mediobanca and Finsider were all higher. Both Pirellis were down, and Fiat, which announced layoffs in its truck division, dropped 20 to L1,580.

Bond trading was modestly active, with slight gains for Treasury bills and certificates.

Switzerland

Prices closed mostly easier as hopes of an immediate decline in U.S. interest rates dwindled and the U.S. dollar continued firm, dealers said.

Interest-sensitive issues were under pressure in early trading, but partly recovered to close near Tuesday's levels. Trading was thin, with a lack of substantial buying orders.

Australia

Prices marked time in quiet trading with higher Gold and Copper prices bolstering the Mining sector, while Industrials were firm and Oil and Gas stocks weakened.

The All Ordinaries Index closed 1.1 points lower at 452.5, the All Resources Index dipped 2.2 to 322.9 while the All Industrials Index closed 0.3 up at 611.9.

French markets closed yesterday for annual holiday.

Closing prices for North America were not available for this edition.

Indices

NEW YORK —DOW JONES

	July 13	July 12	July 9	July 8	July 7	July 6	1982 High	1982 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦Industr'ls	824.20	824.07	814.12	804.98	793.96	795.90	882.52 (4/1)	788.62 (18/5)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.65	59.85	59.01	59.51	57.89	57.32	60.27 (27/5)	55.57 (12/2)	—	—
Transport.	321.72	323.44	322.03	315.95	315.59	314.00	369.46 (7/1)	303.78 (21/6)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	107.51	108.20	106.62	106.71	105.57	106.08	115.95 (7/1)	105.61 (13/1)	165.52 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	64,170	74,690	65,876	63,270	46,820	44,850	—	—	—	—

Day's high 832.95 low 816.87

Indust'l div. yield %	July 13	June 25	June 18	Year ago (Approx)
	6.86	6.25	7.08	5.72

STANDARD AND POORS

	July 13	July 12	July 9	July 8	July 7	July 6	1982 High	1982 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦Indust'ls	124.20	122.51	121.76	120.82	119.96	118.89	137.28 (4/1)	118.41 (8/3)	160.96 (28/11/80)	3.52 (30/6/32)
♦Compos'te	110.60	109.57	108.65	107.55	107.22	107.29	122.74 (4/1)	107.20 (21/6)	140.52 (28/11/80)	4.407 (1/6/32)

	July 7	June 30	June 23	Year ago (approx)
Indust'l div. yield %	6.05	6.21	6.88	4.90
Indust'l P/E ratio	7.54	7.70	7.76	9.15
Long Gov. Bond yield	13.82	13.73	14.02	13.10

N.Y.S.E. ALL COMMON

July 13	July 12	July 9	July 8	1982 High	1982 Low
62.90	62.86	62.54	61.81	71.20 (4/1)	61.70 (7/7)

Rises and Falls	July 13	July 12	July 9
Issues Traded	1,848	1,853	1,860
Rises	650	1,052	1,101
Falls	754	451	678
Unchanged	444	343	320
New Highs	48	65	28
New Lows	61	81	36

MONTREAL

	July 13	July 12	July 9	July 8	1982 High	1982 Low
Industrials	252.74	254.55	252.85	251.16	332.78 (4/1)	249.68 (21/6)
Combined	258.18	259.88	257.47	255.81	316.08 (4/1)	257.27 (21/6)
TORONTO Composite	1384.5	1387.0	1383.3	1346.30	1868.5 (4/1)	1352.2 (7/7)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
IBM	1,556,700	64⅝	+ ⅜
Exxon	1,133,100	28¾	—
Cont Illinois	942,900	16⅞	+ ⅝
Mobil	768,500	21¼	− ⅛
Tandy	682,500	29⅞	− ⅛
Chrysler	684,700	7½	+ ¼
Marsh MCL	638,400	31⅛	− ¼
ATT	586,200	53	− ¼
East Kodak	577,200	75¾	—
Warner-Lam	558,600	20½	− ⅛

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SINGAPORE

SOUTH AFRICA

GERMANY

SWEDEN

JAPAN

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

Financial Rand US$0.79 (Discount of 31%)

LONDON STOCK EXCHANGE

Investment enterprise stifled by growing concern over rail deadlock and latest Middle East conflict

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

Mounting concern over both the rail deadlock and the latest outbreak of hostilities between Iran and Iraq stifled investment enterprise in London stock markets yesterday. Continued hopes of cheaper money, not entirely satisfied by Tuesday's clearing bank base rate reductions, and news of manufacturing industry's lower wage settlements failed to encourage support. The outcome was an inconclusive day in both the main investment sectors with only South African Gold shares providing a little colour.

British Funds moved narrowly, fluctuating either side of overnight levels in a business notable only for substantial switching operations, most of which occurred at the longer end of the market. The U.S. Treasury's late announcement on Tuesday of a record bill offering next week cast some doubts on recent predictions that the Federal Reserve might relax its tight money policy, but the U.S. bond market opened higher yesterday. The effect on Gilt-edged, however, was short-lived.

Scattered final movements were limited to ⅛ in each direction with the exception of the low-coupon Treasury 3 per cent 1987, which gained ¼ to 77. The Bank of England left money market intervention rates on all four bands at Tuesday's reduced levels, as expected.

Wall Street's overnight indecision imparted easiness to leading shares at the opening, but values picked up later in the morning. Interest remained centred on Glaxo and, with fresh investment demand finding sellers extremely reluctant, the shares soared 28 more to a record 793p; talk suggested that a broking house had upgraded its profits forecast for the group. In sympathy, Beecham rose 11 to 289p.

One or two other constituents of the FT Industrial Ordinary share index also showed to advantage, including Plessey and Thorn EMI. But dullness in Engineerings, particularly selected smaller-priced stocks such as John Brown, TI and GKN, left this measure 0.5 down on balance at 553.8, after having shown a loss of 2.6 at the first calculation of the day.

Banks easier

Publicity given to a broker's adverse circular prompted renewed weakness in the major clearing banks. Barclays closed a few pence off at 375p, while Lloyds, which starts the interim dividend season on Friday of next week, ended a similar amount lower at 375p. Midland softened 2 to 328p, after 326p. Discount houses turned irregular, with Cater Allen closing 5 dearer at 325p but Union finishing that much off at 450p. Elsewhere, the trend towards cheaper money prompted a rise of 3 to 125p in Provident Financial.

Hambro Life stood out in Insurances with a fall of 8 to 277p on fears that the group's new business figures, scheduled to be announced tomorrow, will disappoint.

Interest in the drinks sector was again mainly confined to cider manufacturers. Preliminary profits from H. P. Bulmer were around £1m in excess in general market estimates, and, buoyed also by the 34 per cent rise in the dividend, the shares advanced 28 to 460p. Merrydown Wine, annual results scheduled for July 26, closed 5 to the good at 112p. Leading Breweries passed a quiet session, although the undertone remained firm.

Building shares passed another uninspiring trading session. Among the occasional noteworthy movements, comment on the preliminary figures prompted a rally of 6 to 164p in Magnet and Southerns, but further consideration of the annual results left HAT Group 4 lower at 85p. Press mention prompted occasional interest in British Dredging, which settled a penny firmer at 33p. On the other hand, Taylor Woodrow gave up 8 to 485p and Redland 3 to 173p. G. Dew eased a couple of pence to 118p awaiting today's interim figures.

Little of interest occurred in Chemicals. ICI again traded quietly and held at 296p. Support lifted Arrow 5 to 48p following a broker's recommendation.

Leading Stores finished with a slightly firmer bias, although business levels again left much to be desired. Gussies "A" held at 475p; preliminary results today are expected to show pre-tax profits of around £184m. Secondary counters featured Time Products, which, having been a dull market recently, rallied 4 to 23p on recovery hopes. Polly Peck continued to react to profit-taking and eased 8 to 334p, but Cornell Dresses were relatively resilient and retained the overnight level of 168p.

Cable & Wireless down

Cable and Wireless reported the expected impressive preliminary profits and were immediately marked up to 293p but this only attracted profit-takers and the shares fell to touch 280p before closing 7 down on balance at 283p. Elsewhere in Electricals, Thorn EMI, an unsettled market of late on rights issue fears, rallied 5 to 390p awaiting today's annual statement. Plessey rose 8 on investment buying to 500p. Revived takeover speculation helped Ferranti to rise 10 to 810p, while AB Electronic perked up with a gain of 7 to 215p.

Interest in the Engineering leaders remained at a low ebb with quotations drifting easier, mainly on lack of support. John Brown gave up 3 to 47p and GKN 4 to 140p, while TI closed a couple of pence cheaper at 100p. NEI shook off recent dullness prompted by the indefinite postponement of the Taiwan generating deal and rallied 3 to 91p. Chemring, up 8 more at 390p, continued to benefit from recent Press mention, while Bromsgrove Castings firmed 2 to 46p in response to the preliminary figures. Yarrow displayed late dullness at 370p, down 5, and smaller-priced issues to give ground included Birmid Qualcast, 25½p, and Lake and Elliot, 31p, down 1½ and 2 respectively. G. M. Firth closed a shade lower at 137p awaiting today's preliminary results.

Glaxo jump

News of the upgraded profits forecast by a leading broker fuelled fresh demand for recently popular Glaxo, which jumped 28 making a rise on the week so far of 53 to a peak of 793p; Beecham advanced 11 to 289p in sympathy. Other miscellaneous industrial leaders plotted an irregular course in minimal trading. Reed International came on offer and gave up 6 to 290p but Rank Organisation picked up 3 to 136p from the depressed level which followed the disappointing interim figures. Elsewhere, Philip Harris put on 13 to 93p in response to better-than-expected preliminary figures, while Rolfe and Nolan, still drawing strength from recent comment, appreciated 4 to 96p. Barget revived with a gain of 7 to 155p but profit-taking in the wake of the recent good speculative improvement left Peter Black 12 lower at 320p. French competition worries brought about reaction of 5 to 221p in British Aerospace, while similar falls were seen in Carlton Industries, 165p, Charles Hill of Bristol, 105p, and Steetley, 169p.

Motor Distributors, firm of late on revived take over speculation, took on a more irregular appearance. Glanfield Lawrence finished 5 lower at 35p, after 34p, following the increased interim loss, while profit-taking clipped a penny from Kenning, 66p. Henlys, on the other hand, attracted scattered support on recovery prospects and rose 3 to 86p. Components were also mixed. Lucas gave up 2 more to 155p and AE shed a similar amount to 39p, but Dowty, annual results today, firmed a few pence to 135p.

The volume of business in Properties again left much to be desired but the trend was towards slightly higher levels. Stock Conversion put on 3 to 278p, while Land Securities hardened a couple of pence to 270p as did MEPC, to 169p, and Great Portland Estates, to 140p. Daejan firmed 5 to 162p in response to the preliminary figures.

Oils rally

Oil shares staged a largely technical rally from recently depressed levels prompted by expectations of a reduction in the price of Saudi Arabian crude. British Petroleum edged up 4 to 264p, but Shell ended without alteration at 384p, after hardening to 386p in the early dealings. Lasmo rallied 10 to 295p and Ultramar 5 to 378p, while Burmah closed a couple of pence dearer at 129p. Elsewhere, ICC Oil Services improved a penny to 21p on the better-than-forecast annual profits. Sun (UK) Royalty, contrasted with a fall of 10 to 120p in a limited market.

Overseas Traders generally held close to the overnight positions. Tozer Kemsley and Millbourn were briskly traded and touched 59p before settling for a net gain of a penny at 57p; the Office of Fair Trading has cleared the sale of the International Trade Finance division to Hongkong and Shanghai Bank. Titaghur Jute were marked 3 lower at 25p following the substantial first-half deficit and gloomy outlook.

Occasional changes in Trusts were usually confined to a few pence either way. Gresham House, up 4 at 134p, became a better market after the recent setback on adverse Press mention. Among Financials, Mills and Allen gave up 10 to 470p and R.P. Martin trended eased 3 to 308p.

Shippings were rarely altered. Recent investment support for British and Commonwealth fizzled out and the shares gave up 5 to 468p.

The buoyant bullion price consequent strength of the Financial Rand prompted good gains among South African industrials. Barlow Rand closed 12 higher at 335p, after 340p, while Abercom rose 8 to 118p. OK Bazaars gained 25 more to 725p.

Golds erratic

Erratic movements in the bullion price, following reports of the Iranian invasion of Iraq and also reflecting hopes of further cuts in international interest rates, led to a day of wild swings and heavy turnover in South African Golds.

Initially strong, boosted by sizeable overnight demand in the U.S., Golds surged ahead during the morning and early afternoon on heavy buying from Johannesburg and London. Ensuing gains were substantial and again exaggerated by a continued shortage of stock.

However, after-hours dealings brought out persistent American selling and profit-taking from London sources and prices eased accordingly to close below the day's best. Nevertheless, our Gold Mines index registered a rise of 18.6 at 232.2—its biggest one-day gain since November and its best level for over a month.

The marginal issues provided the day's outstanding performance as an acute bear squeeze saw Durban Deep soar 139 to 703p. Other notable gains included Libanon, 96 higher at 790, Doornfontein, 80 stronger at 680p and Venterspost, 54 up at 300p.

Heavyweights were featured by Western Deep and Western Holdings which showed gains in excess of a point apiece at £13⅜ and £14¼ respectively.

The bullion price closed a net $1 higher at $349.50 an ounce, after having touched $359 around the opening of New York markets.

Financials put on a strong performance. Anglo American Corporation surged 30 to 500p, Gencor 50 to 740p, Johnnies £2½ to 28 and GFSA ⅞ to £27¼, after £28¾.

London-domiciled Financials generally closed easier on balance after a good two-way trade. This saw further buying, fuelled by gains in gold and copper, and persistent profit-taking which pared price gains. RTZ were finally 4 off at 387p, after 384p, while falls of 2 were common to Charter and Gold Fields at 193p and 373p respectively.

Australian golds attracted good support, with Poseidon 7 up at 98p and Gold Mines of Kalgoorlie 15 to the good at 165p. Hampton Areas added 5 at 163p in response to the good results.

The uninspiring performance of the London equity market and subsequent lack of support for the underlying securities resulted in a relatively subdued session in Traded Options and only 1,725 deals were taken out, barely half of the previous day's total. Demand for Imperial Group position subsided, although useful support was noted for the August 100's which recorded 139 calls out of 304. Lonrho and Consolidated Gold Fields attracted 179 and 157 calls respectively, while British Petroleum recorded 143. Puts totalled 393 deals and, once again, the lion's share of business was directed towards BP which accounted for 107 trades.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22

For rate indications see end of Share Information Service

Calls were arranged in Automotive Products, Lasmo, Inter-City, Tozer Kemsley and Millbourne, William Press, KCA International, Bleck and Edgington, Premier Oil, Precious Metals, Smith St. Aubyn, Lonrho, Bougainville and Trident TV A. Puts were done in De Beers Deferred and Bougainville and a double was taken out in UDS.

FINANCIAL TIMES STOCK INDICES

	July 14	July 13	July 12	July 9	July 8	July 7	A year ago
Government Secs.	70.86	70.88	71.07	70.44	70.02	22.85	64.09
Fixed Interest	71.56	71.51	71.33	71.00	70.55	70.49	86.29
Industrial Ord.	553.8	554.3	557.5	552.7	551.4	555.2	533.7
Gold Mines	232.2	213.6	207.9	194.5	186.6	188.7	316.0
Ord. Div. Yield	5.52	5.56	5.53	5.57	5.58	5.56	5.96
Earnings, Yld.% (full)	11.59	11.66	11.62	11.70	11.67	11.68	11.48
P/E Ratio (net) (*)	10.48	10.41	10.45	10.38	10.42	10.46	10.91
Total bargains	15,241	18,448	16,021	15,069	13,033	13,830	16,945
Equity turnover £m.	—	115.04	115.52	129.48	141.58	183.87	112.99
Equity bargains	—	12,369	12,038	10,786	10,726	10,903	11,587

10 am 551.7. 11 am 554.4. Noon 553.7. 1 pm 553.5.
2 pm 553.1. 3 pm 553.2.

Basis 100 Govt. Secs. 15/10/26. Fixed int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

* Nil=9.75.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	71.07 (12/7)	67.39 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.66 (14/7)	63.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (8/6)	516.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	161.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 13	July 12
—Daily		
Gilt Edged Bargains	215.1	225.1
Equities Bargains	80.1	78.0
Value	834.5	236.5
5-day Avrge.		
Gilt-Edged Bargains	195.2	190.2
Equities Bargains	75.6	71.8
Value	253.7	260.7

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Wed July 14 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Tues July 13 Index No.	Mon July 12 Index No.	Fri July 9 Index No.	Thurs July 8 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	393.79	—	9.53	4.27	13.05	393.79	394.97	393.66	392.72	351.26
2	Building Materials (23)	[illegible]	+0.1	12.40	5.66	10.11	324.10	322.98	321.27	321.46	302.31
3	Contracting, Construction (28)	[illegible]	−0.4	15.01	5.28	7.86	586.69	586.60	583.79	583.73	553.18
4	Electricals (31)	[illegible]	+0.2	6.79	2.09	18.71	1549.55	1551.19	1548.94	1542.68	1152.98
5	Engineering Contractors (11)	[illegible]	+0.8	13.41	6.31	9.01	475.20	482.96	479.18	479.17	500.25
6	Mechanical Engineering (67)	[illegible]	−0.4	11.84	6.08	10.19	194.39	196.50	196.18	195.43	209.92
8	Metals and Metal Forming (11)	[illegible]	−0.5	12.68	8.35	9.77	145.93	147.49	145.52	145.23	147.62
9	Motors (20)	[illegible]	−0.8	2.74	8.22	—	85.74	85.83	84.55	85.21	98.98
10	Other Industrial Materials (18)	[illegible]	−0.2	10.45	6.02	11.71	355.56	357.02	355.94	355.46	370.76
21	CONSUMER GROUP (202)	307.38	+0.4	12.97	5.69	9.34	306.10	305.87	303.72	303.20	279.67
22	Brewers and Distillers (22)	322.92	+0.1	14.37	6.33	8.50	322.65	323.15	319.43	320.67	309.39
25	Food Manufacturing (22)	264.86	−0.1	17.58	7.11	6.64	265.09	264.44	263.18	263.36	259.38
26	Food Retailing (14)	635.32	−0.6	9.30	3.52	13.20	638.97	636.17	634.58	630.37	526.35
27	Health and Household products (9)	503.54	+3.0	6.89	3.36	17.13	488.99	485.67	478.43	476.48	339.58
29	Leisure (23)	397.14	+0.2	10.74	5.90	11.76	396.19	399.36	395.85	400.81	432.74
32	Newspapers, Publishing (13)	501.38	−0.2	13.60	6.22	9.26	502.43	505.33	507.26	510.56	508.27
33	Packaging and Paper (14)	138.92	−1.1	17.34	7.95	6.71	140.42	141.09	141.18	141.28	145.24
34	Stores (45)	270.64	+0.4	10.72	5.14	12.36	269.57	269.89	268.67	266.61	261.54
35	Textiles (23)	160.92	−0.4	14.42	6.68	8.44	161.59	162.39	161.40	162.09	159.71
36	Tobaccos (3)	338.89	−0.1	22.82	8.12	4.91	339.27	336.90	335.23	332.74	248.32
39	Other Consumer (14)	260.96	−0.8	6.33	6.28	30.96	263.19	263.65	262.90	264.75	287.35
41	OTHER GROUPS (76)	248.29	−0.2	13.94	6.77	8.68	248.70	248.15	249.29	248.74	224.97
42	Chemicals (15)	322.83	−0.1	14.70	7.40	8.16	323.18	323.17	323.97	325.06	279.33
44	Office Equipment (4)	96.54	+1.4	16.85	9.04	7.29	95.21	95.48	101.80	99.53	110.78
45	Shipping and Transport (13)	560.90	−0.5	19.06	7.33	6.38	563.84	556.86	554.19	557.34	540.17
46	Miscellaneous (44)	328.10	−0.3	11.40	5.72	10.68	329.10	328.53	328.91	326.68	295.74
49	INDUSTRIAL GROUP (487)	328.36	+0.2	11.79	5.28	10.36	327.78	327.94	326.58	325.91	296.38
51	Oils (13)	652.44	+0.9	24.31	8.92	4.66	646.70	660.31	669.60	665.83	709.59
59	500 SHARE INDEX	354.92	+0.3	13.61	5.81	8.79	353.92	355.15	354.63	353.72	329.89
61	FINANCIAL GROUP (117)	242.91	−0.1	—	6.98	—	243.12	244.33	243.93	244.14	270.87
62	Banks (6)	264.34	−0.5	38.90	8.60	2.81	265.55	266.89	267.77	269.34	281.75
63	Discount Houses (9)	237.96	−0.1	—	9.58	—	238.20	237.99	233.35	238.76	279.15
65	Insurance (Life) (9)	267.78	−0.4	—	6.63	—	268.95	271.41	269.46	270.25	275.51
66	Insurance (Composite) (10)	156.67	+0.3	—	9.04	—	156.16	157.05	156.83	154.77	175.15
67	Insurance Brokers (7)	521.38	−0.6	10.80	4.98	12.67	524.62	526.32	524.77	519.03	400.98
68	Merchant Banks (12)	131.88	−0.2	—	6.72	—	132.21	131.62	131.84	132.09	172.80
69	Property (49)	393.62	+0.4	5.78	4.10	23.12	391.96	393.05	394.72	396.30	495.67
70	Other Financial (15)	164.30	−0.5	18.64	6.97	6.20	165.18	165.91	165.41	165.64	183.18
71	Investment Trusts (111)	290.61	−0.3	—	5.64	—	291.55	290.77	287.53	287.72	308.35
81	Mining Finance (4)	193.14	−0.8	16.37	7.35	7.66	194.70	195.75	187.15	184.57	240.19
91	Overseas Traders (18)	356.52	—	14.40	8.98	8.54	356.66	354.66	357.25	355.31	432.56
99	ALL-SHARE INDEX (750)	325.01	+0.2	—	6.07	—	324.49	325.55	324.65	323.97	318.04

FIXED INTEREST

	PRICE INDICES	Wed July 14	Day's change %	Tues July 13	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	113.74	+0.06	113.96	0.29	6.19
2	5-15 years	114.75	−0.01	114.76	—	6.91
3	Over 15 years	118.36	−0.00	118.37	—	7.64
4	Irredeemables	121.43	—	121.43	—	7.27
5	All Stocks	115.28	+0.01	115.35	0.09	6.89
6	Debentures & Loans	90.20	−0.14	90.33	—	5.83
7	Preference	66.31	+0.04	66.28	—	3.58

	AVERAGE GROSS REDEMPTION YIELDS		Wed July 14	Tues July 13	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	10.61	10.61	12.44
2		15 years	12.22	12.22	13.33
3		25 years	12.51	12.51	13.59
4	Medium Coupons	5 years	13.27	13.24	14.76
5		15 years	13.31	13.32	15.30
6		25 years	12.79	12.78	14.86
7	High Coupons	5 years	13.31	13.32	14.84
8		15 years	13.49	13.48	15.47
9		25 years	12.89	12.89	15.08
10	Irredeemables†		12.17	12.16	12.89
11	Debs & Loans	5 years	14.28	14.28	15.81
12		15 years	14.34	14.31	15.94
13		25 years	14.34	14.31	15.95
14	Preference†		14.98	14.98	16.10

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (28)

BRITISH FUNDS (2)
Exch. 9¼pc 1982 Exch. 10pc 1983
CORPORATION LOANS (2)
Leeds 13½pc 2005 LCC 6¼pc '88-90
COMMONWEALTH & AFRICAN LOANS (1)
Australia 6pc '81-3
LOANS (1)
FFI 14pc '83
AMERICANS (4)
Cons. Foods IBM
Gen. Elect. Utd. Tech.
BEERS (1)
Bulmer (H. P.)
CHEMICALS (1)
Amersham Int.
ELECTRICALS (4)
Motorola Plessey
Muirhead Scholes (G. H.)
ENGINEERING (2)
Bromsgrove Casting Crown House
INDUSTRIALS (7)
Baxter Travenol Swedish Match
Beecham Utd. Gas
Glaxo Whtmn. Reeve Angel
Rolfe & Nolan
MOTORS (1)
Brit. Car Auction
OIL & GAS (2)
Lon. Am. Energy NV Lon. Am. Energy Invs.

NEW LOWS (58)

AMERICANS (5)
Amer. Nat. Res. Tesoro Pt.
Gulf Oil Zapata Corp.
Tenneco
BANKS (3)
ANZ Wells Fargo
Hambros
BEERS (1)
Greenall Whitley
BUILDINGS (3)
Carron Whittingham
Dew (George)
STORES (2)
Combined Eng. Lee Cooper
ENGINEERING (7)
Firth (G. M.) Midland Inds.
Hall Eng. Moss Eng.
Laird Group Priest (Ben.)
Lake & Elliot
INDUSTRIALS (8)
Cape Inds. Low & Bonar
Carlton Inds. Relyon
Gestetner A Scotcros
Lead Inds. Solic. Law
INSURANCE (1)
Brentnall Beard
MOTORS (6)
A.E. Lucas Inds.
Armstrong Equip. Caffyns
Automotive Glanfield Lawrence
PROPERTY (4)
British Land 12pc Cnv. 2002 Marland Secs.
Clarke Nicholls Rosehaugh
TEXTILES (1)
Gaskell Broadloom
TRUSTS (4)
Channel Isl. Inc. New Throg. New Wts.
Japan Assets Kellock
OIL & GAS (7)
Berkeley Ex. Norsk Hydro
Brit. Can Res. Ohio Resources
Century Sun (UK) Royalty
Intnl. Pet.
OVERSEAS TRADERS (2)
Gt. Northern Sime Darby
RUBBERS (3)
Barlow Hlds. Highlands
Cons. Plants.
MINES (1)
Renison

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	7	7	77
Corpns. Dom. and Foreign Bonds	12	7	57
Industrials	153	241	941
Financial & Props.	43	109	360
Oils	25	15	66
Plantations	—	10	13
Mines	70	19	68
Others	51	49	57
Totals	361	458	1,639

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −	Div. p. or amount	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	43	41	Anglo-Nordic 5p	41	—	b0.89	2.0	3.1	25.1
¶¶	F.P.	—	82½	79	Antofagasta Hldgs £1	79	−1	7.0	3.5	12.7	2.4
¶¶	—	30/7	15	11	Argyll Foods Warr'ts.	15	—	—	—	—	—
¶¶	F.P.	—	48	40	Argyle Trust	42	−1	—	—	—	—
§250	F.P.	23/6	287	260	Assoc. Heat Services	287	+2	b9.0	2.1	4.5	14.5
§45	F.P.	—	46	45	Atlantis Res. Int.	44	—	—	—	—	—
46	F.P.	30/7	55	50	Bairstow Eves 5p	52	—	b1.61	2.5	4.4	12.7
§90	F.P.	25/6	101	98	✱Black (Michael) 20p	92	—	u3.0	2.4	4.7	12.7
16	F.O.	15/4	38	19	Cambrian & Gen. 7½p	30	—	—	—	—	—
§260	F.P.	4/6	433	293	✱Cont. Microwave	430	+15	b5.26	3.9	1.7	16.0
§£1	F.P.	30/7	59	52	✱Dencora	52	—	—	—	—	—
§130	F.P.	28/3	170	140	✱Druck Hldgs.	170	+2	b2.3	2.5	1.9	29.5
—	F.P.	—	105	105	✱Ecobric New Ord £1	105	—	bd10.5	1.8	14.2	4.7
—	F.P.	—	55	52	✱ Do. Defd	55	—	—	—	—	—
§27½	F.P.	25/6	92	84	Electro-Prot. US$0.50	88	—	uQ1.5c	8.9	0.9	11.9
—	—	—	17	10	ΔGroup Inv Option	12	—	—	—	—	—
§60	F.P.	5/8	60	58	✱Knight Cmptr Int 5p	58	−2	bd1.6	2.0	3.9	18.5
§137	F.P.	30/7	193	150	✱McCarthy & Stone	190	−2	b5.73	2.7	4.3	11.4
§105	F.P.	2/7	121	110	✱Miles 33 10p	116	—	ud2.5	4.3	2.4	10.8
600	F.P.	2/7	630	595	Oriflame SA (US$1.50)	620	+5	bQ60c	2.9	4.5	9.9
§150	F.O.	13/8	165	150	✱Oilfield Insp. Srvc.	152	—	u8.1	3.7	2.0	17.4
77	F.P.	14/7	97	88	✱Radio City 'A' NV	89	—	b5.6	1.5	0.0	10.4
140	F.P.	29/6	186	160	✱Ruddle (G.) 10p	180	−2	b3.3	2.6	2.6	21.5
¶¶	F.P.	—	44	38	Walker (Alfred) 10p	39	—	b0.7e	6.3	2.8	7.3
¶¶	F.P.	—	90	40	Zambia Cons Cpr 10K	55	—	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.O.	—	60p	58p	Antofagasta 6.5% Pref. (£1)	60p	—
§100	F.O.	9/7	107	100	Benlox 8% Conv. Cum. Rd. Pf.	100	−1
¶100	£10	26/8	11¾	10½	Bournemouth Water 9% Red. Prf. '8789	11¾	—
§100	Nil	29/7	½pm	¼pm	Cronite 14% Cnv. Uns. Ln. '02	¼pm	—
¶¶	F.O.	—	146½	130	First Nat. 12½pc Conv. Uns. Ln. 1067	134	−2
101	F.P.	30/7	108	107	✱Lon&Cont 11½% Conv. Sub Uns. Ln. '95-02	108	—
§100	F.P.	9/7	101	21½	Marlborough Props. 10% Cnv. Ln. '99-2002	01½	−7
98.53	£23	2/10	27	26¾	Midland Bk. 14% Sub. Uns. Ln. 2002-07	26¼	−½
100	F.O.	—	100⅞	100⅛	Nationwide Bdg. Soc. 13⅝% (3/5/83)	100¼	—
100	F.O.	—	100⅝	99⅞	Do. 14% (4/7/83)	100⅝	—
99.345	£23	—	26½	24⅛	New Zealand 14⅛% 1987	26	—
§100	Nil	23/7	7ppm	1ppm	Rotaprint 11½% Cum. Conv. Red. Pref	1ppm	−¼

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
122	F.O.	9/7	6/8	190	188	Applied Computer Tech.	190	—
170	F.P.	16/5	24/8	100	180	Bank Leumi (UK) £1	158	—
23	Nil	29/7	25/8	1½pm	1pm	Cronite	1½pm	—
78	Nil	—	—	4pm	3pm	✱Goal Pet. 5p	3pm	—
174	F.O.	16/5	30/7	235	216	Grand Met 50p	235	—
23	Nil	25/7	3/9	8pm	2pm	Jenks & Cattell	2pm	—
65	Nil	—	—	10½pm	6pm	Minster Assets	10½pm	+½
50	F.P.	24/5	13/8	61	52	Press (Wm.) 10p	60	—
323	F.O.	17/6	30/7	443	380	Saatchi & Saatchi 10p	420	—
213	F.O.	5/7	13/8	265	245	Skotchley	263	—

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. g Assumed dividend and yield. r Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✱ Unlisted Securities Market. ‡‡ London Listing. ✝ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ✝✝ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Black (P.)	320	−12	Gold Fields SA	£27¼	+½
BP	264	+4	HAT	85	−4
Bulmer (H.P.)	460	+26	Harris (P.)	93	+13
Cable & Wireless	283	−7	Imperial Group	98½	−½
Durban Deep	703	+139	Libanon	790	+96
Glaxo	793	+28	Tozer Kemsley	57	+1

TUESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Tuesday's closing price pence	Day's change	Stock	No. of price changes	Tuesday's closing price pence	Day's change
RTZ	15	391	—	British Aero	10	226	−3
Cons Gold	14	375	—	BH Prop	10	400	+2
De Beers Dfd	12	211	+7	LASMO	10	285	−7
Glaxo	12	765	+9	Plessey	10	492	−3
GEC	11	£10¾	—	Racal Elec	10	460	—
Northern Eng	11	88	−7	Rank Org	10	133	−1
BICC	10	290	—	BP	9	260	−6

CURRENCIES and MONEY

$ & £ steady

The dollar showed little overall change in currency markets yesterday in the absence of any clear trend on interest rates. There may have been some demand generated by increased Middle East tension between Iran and Iraq but this did not appear to be a dominant factor.

Sterling was very steady overall, as shown in its trade-weighted index, which was unchanged throughout.

DOLLAR — Trade-weighted index (Bank of England) 121.5 against 121.3 on Tuesday and 109.3 six months ago. Three-month Treasury bills 12.05 per cent (12.14 per cent six months ago). Annual inflation rate 6.7 per cent (6.6 per cent previous month) — The dollar rose initially in thin trading against European currencies apart from sterling and then eased back during the afternoon. However, demand from the U.S. pushed it sharply firmer towards the close before slipping back to finish largely unchanged. Against the D-mark it finished at DM 2.4940 compared with DM 2.4950 and SwFr 2.1275 from SwFr 2.1260. Against the Japanese yen it closed at Y256.10 from Y257.25.

STERLING — Trade weighted index 91.3 unchanged from noon and the opening and Tuesday's close (90.1 six months ago). Three-month interbank 12⅞ per cent (15⅞ per cent six months ago). Annual inflation 9.5 per cent (9.4 per cent previous month)—Sterling opened at $1.7245 against the dollar and rose to a best level of $1.7275 before slipping in the afternoon to touch a low of $1.7215. It closed at $1.7230-1.7240, a fall of just 5 points from Tuesday's close in London. It was unchanged against the Swiss franc at SwFr 3.6675 and only slightly down in terms of the D-mark at DM 4.30 from DM 4.3050. Against the French franc it finished at FFr 11.93 from FFr 11.9350.

D-MARK — EMS member (weakest). Trade weighted index unchanged at 124.2 and 121.7 six months ago. Three-month interbank 9.475 per cent (10.60 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month)—The D-mark showed mixed changes at yesterday's fixing in Frankfurt. The dollar rose to DM 2.4955 from DM 2.4792 with the Bundesbank selling DM 15.35m at the fixing and sterling was higher at DM 4.3020 compared with DM 4.2960. The Swiss franc lost ground, however, to DM 1.1731 from DM 1.1749. Within the EMS the French franc was higher at DM 36.01 per FFr 100 from DM 35.98 while the Belgian franc slipped to DM 5.2440 per BFr 100 from DM 5.2500. The dollar's firmer trend was attributed mainly to higher Euro-dollar rates caused by increased Middle East tension.

member (third weakest). Trade weighted index 94.9 against 95.0 on Tuesday and 104.6 six months ago. Three-month Treasury bills 15.25 per cent (15 per cent six months ago). Annual inflation 9.8 per cent (9.5 per cent previous month)—The Belgian National Bank sold the equivalent of BFr 2bn in the foreign exchange market last week according to figures released yesterday. Such action serves to underline the relative strength enjoyed by the Belgian currency just recently although it seems unlikely that the authorities will cut the discount rate this week according to market sources. At yesterday's fixing the dollar rose to BFr 47.56 from BFr 47.28 and sterling was higher at BFr 82.00 compared with BFr 81.87. Within the EMS the D-mark improved slightly to BFr 19.0575 from BFr 19.0535 and the French franc rose to BFr 6.86375 from BFr 6.8560.

THE POUND SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7215-1.7275	1.7230-1.7240	0.25-0.35c dis	−2.09	1.13-1.23dis	−2.68
Canada	2.1870-2.1950	2.1900-2.1910	0.75-0.85c dis	−4.38	2.35-2.45dis	−4.38
Nethlnd.	4.73-4.76	4.73½-4.74½	1⅛-1⅛c pm	2.48	4⅛-3⅞ pm	3.27
Belgium	81.80-82.20	81.85-81.95	13-23c dis	−2.64	53-63 dis	−2.83
Denmark	14.83-14.91	14.84-14.85	1⅛-2⅞ore dis	−1.57	9⅞-15⅞ dis	−2.66
Ireland	1.2465-1.2525	1.2475-1.2485	0.61-0.73p dis	−6.44	1.75-1.89dis	−5.83
W. Ger.	4.29-4.32	4.29½-4.30½	1½-1pf pm	3.48	3⅞-3½ pm	3.37
Portugal	145.75-147.00	146.00-146.50	75-255c dis	−13.54	215-745dis	−13.13
Spain	193.50-194.15	193.80-194.00	150-205c dis	−10.99	510-555dis	−10.99
Italy	2,402-2,412	2,403½-2,405½	13½-18½ lire dis	−7.49	48½-51½dis	−8.32
Norway	10.98-11.04	11.00-11.01	3¾-4¾ore dis	−4.63	9½-10½ dis	−3.61
France	11.92-11.97	11.92½-11.93½	2-3c dis	−2.51	8½-10½ dis	−3.35
Sweden	10.61-10.65	10.61-10.62	1½-2¼ore dis	−2.19	5¼-6½ dis	−2.17
Japan	440-445	441-442	2.00-1.80y pm	5.30	5.60-5.40 pm	4.98
Austria	30.22-30.37	30.30-30.35	11¼-8½gro pm	3.91	29-27½ pm	3.73
Switz.	3.65½-3.68½	3.66¾-3.67¾	2⅞-2½c pm	9.50	7⅛-7⅛ pm	8.18

Belgian rate is for convertible francs. Financial franc 88.95-89.00.
Six-month forward dollar 2.30-2.40c dis, 12-month 4.10-4.30c dis.

THE DOLLAR SPOT AND FORWARD

July 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7215-1.7275	1.7230-1.7240	0.27-0.33c dis	−2.09	1.07-1.17dis	−2.60
Ireland†	1.3785-1.3815	1.3785-1.3800	0.55-0.45c pm	4.35	1.15-1.05 pm	3.19
Canada	1.2700-1.2718	1.2700-1.2715	0.24-0.27c dis	−2.41	0.54-0.57dis	−1.75
Nethlnd.	2.7430-2.7530	2.7450-2.7480	1.35-1.25c pm	5.68	4.10-4.00 pm	5.90
Belgium	47.44-47.58	47.50-47.52	1-3c dis	−6.50	2-5 dis	−6.29
Denmark	8.6100-8.6290	8.6100-8.6150	0.35-0.10ore pm	0.31	par-0.50 dis	−0.11
W. Ger.	2.4875-2.5018	2.4935-2.4945	1.19-1.14pf pm	5.60	3.73-3.68 pm	5.94
Portugal	84.80-85.05	84.80-85.05	30-130c dis	−11.30	70-370 dis	−10.26
Spain	112.20-112.40	112.20-112.25	65-75c dis	−7.48	185-215 dis	−7.13
Italy	1,383-1,397	1,396-1,397	6-7 lire dis	−5.59	18½-20½dis	−5.59
Norway	6.3815-6.3880	6.3830-6.3880	2.60-2.90ore dis	−5.07	2.70-3.10dis	−1.81
France	6.9175-6.9400	6.9200-6.9250	5.25-0.45c dis	−0.60	1.15-1.65dis	−0.80
Sweden	6.1580-6.1740	6.1620-6.1640	5.10ore pm-0.10 dis	—	0.45-0.25 pm	0.22
Japan	255.60-256.90	256.05-256.15	1.64-1.56y pm	7.49	4.78-4.68 pm	7.38
Austria	17.53¼-17.57¾	17.66¼-17.57¾	9½-8½gro pm	6.07	29-26 pm	6.27
Switz.	2.1160-2.1310	2.1270-2.1280	1.94-1.86c pm	10.72	5.64-5.56 pm	10.53

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 14	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.3	−32.1
U.S. dollar	121.5	+12.6
Canadian dollar	86.8	−90.5
Austrian schilling	116.5	+25.5
Belgian franc	94.8	−1.8
Danish kroner	81.8	−14.8
Deutsche mark	194.2	+49.8
Swiss franc	144.0	+94.7
Guilder	116.6	+23.0
French franc	75.5	−25.9
Lira	63.6	−58.5
Yen	152.4	+25.5

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

July 14	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.629652	0.549675
U.S. $	12	1.09615	0.947537
Canadian $	18.50	*	1.20654
Austria Sch.	6¾	18.0728	15.6405
Belgian F.	14	51.5575	45.0133
Danish Kr.	11	9.37076	8.18047
D mark	7½	2.71049	2.36483
Guilder	8	2.99017	2.60884
French Fr.	9½	*	6.57423
Lira	19	*	1521.72
Yen	5½	278.575	243.856
Norwgn. Kr.	8	6.93941	6.04687
Spanish Pts.	8	121.092	106.552
Swedish Kr.	10	6.59068	5.84350
Swiss Fr.	5½	2.30915	2.01468
Greek Dr'ch.	20½	76.3255	66.6425

* CS/DR rate for July 13 N/A.

OTHER CURRENCIES

July 14	£	$		£ Note Rates
Argentina Peso†	134,845	20,200	Austria	30.15-30.45
Australia Dollar	1.7030-1.7050	0.9876-0.9881	Belgium	88.45-89.40
Brazil Cruzeiro	303.90-303.90	175.40-175.98	Denmark	14.80-14.94
Finland Markka	8.2069-8.2191	4.7605-4.7625	France	11.89-11.90
Greek Drachma	120.924-121.338	70.95-76.40	Germany	4.29¼-4.32¼
Hong Kong Dollar	10.1550-10.1590	5.8875-5.8925	Italy	2370-2410
Iran Rial	*145½	*84.00	Japan	443-448
Kuwait Dinar (KD)	0.49570-0.49630	0.28755-0.28775	Netherlands	4.73¼-4.75¼
Luxembourg Fr.	81.86-81.96	47.50-47.53	Norway	10.07-11.07
Malaysia Dollar	4.0889-4.0780	2.3590-2.3625	Portugal	148½-159
New Zealand Dlr.	2.5520-2.3560	1.3580-1.3538	Spain	196-165
Saudi Arab. Riyal	5.9280-5.9350	3.4390-3.4410	Sweden	10.58-10.68
Singapore Dollar	3.7650-3.7180	2.1490-2.1520	Switzerland	3.65-3.69
Sth. African Rand	1.9190-1.9830	1.1494-1.1567	United States	1.71½-1.73½
U.A.E. Dirham	6.3295-6.3370	3.6720-3.6740	Yugoslavia	91-95

* Selling rate.

† Rate shown for Argentina is commercial. Financial rate: 63,330-63,370 against sterling 36,700-36,750 against dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 14	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.0933	+0.27	—	±1.5501
Danish Krone	8.23400	8.18047	−0.65	−0.92	±1.6430
German D-Mark	2.33379	2.36483	+1.33	+1.06	±1.0888
French Franc	6.61387	6.57423	−0.60	−0.87	±1.3940
Dutch Guilder	2.57971	2.60884	+1.13	+0.86	±1.5004
Irish Punt	0.691011	0.687092	−0.57	−0.84	±1.6691
Italian Lira	1350.27	1321.72	−2.11	−2.11	±4.1389

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

July 14	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1	1.734	4.300	441.5	11.93	3.668	4.740	2405.	2.181	81.90
U.S. Dollar	0.580	1.	2.495	256.2	6.929	2.128	2.750	1396.	1.271	47.52
Deutschemark	0.253	0.401	1.	102.7	2.774	0.853	1.102	559.2	0.508	19.05
Japanese Yen 1,000	2.265	3.904	9.740	1000.	27.02	8.307	10.74	5446.	4.961	185.5
French Franc 10	0.838	1.445	3.604	370.1	10.	3.074	3.975	2016.	1.839	68.65
Swiss Franc	0.273	0.470	1.172	120.4	3.253	1.	1.293	655.6	0.597	22.33
Dutch Guilder	0.211	0.364	0.907	93.14	2.517	0.774	1.	507.3	0.462	17.22
Italian Lira 1,000	0.416	0.717	1.788	183.6	4.962	1.525	1.971	1000.	0.911	34.06
Canadian Dollar	0.457	0.787	1.963	201.6	5.446	1.674	2.164	1098.	1.	37.39
Belgian Franc 100	1.231	2.104	5.250	539.1	14.57	4.478	5.788	2955.	2.675	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 14)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 3/4	offer 14 7/8	bid 15 1/8	offer 15 1/4

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 14	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅜-12⅝	15-15¼	16-15½	8⅜-8⅞	1¼-1¾	8⅝-8¾	14½-14⅞	17¾-19¾	14½-15¼	15⅛-15⅝	6⅞-7⅛	13-13½
7 day's notice	12⅜-12⅝	13⅝-13⅞	15¾-16¼	8⅜-8¾	1¼-1⅝	8⅞-8⅞	14½-14⅞	18¼-20⅞	14¼-15½	15-15¼	7-7⅛	13⅞-14¼
Month	12⅜-12½	14⅛-14⅜	15⅞-15⅞	8⅞-8⅞	5⅛-3⅜	8¾-8⅞	14½-14⅞	19¼-20	14¾-15½	15⅞-15⅞	7⅞-7⅞	14¼-14⅝
Three months	12⅝-12⅞	14⅞-15	16½-16¾	8⅞-9⅞	4⅛-4⅜	8⅞-9¼	15¼-15⅝	20⅛-20¾	14¾-15½	15⅞-15⅞	7⅜-7½	15¼-15⅝
Six months	12⅝-12⅞	15-15¼	16¾-17	9¼-9⅜	5⅜-5½	9¼-9⅜	15½-15¾	21¼-21½	15¼-15¾	15⅞-15⅞	7⅜-7½	16⅜-16¾
One Year	12⅞-12⅞	14⅞-15⅛	16¾-17	9⅜-9½	5½-5⅝	8⅞-9⅞	17½-17⅞	21⅝-22⅛	15¼-15¾	14⅞-15⅛	7¼-7⅜	17-17⅜

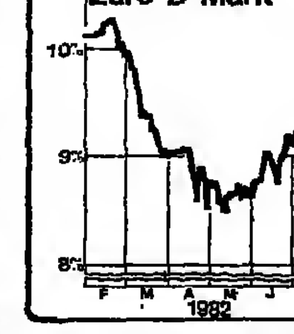
SDR linked deposits: one month 12⅛-12⅜ per cent; three months 12⅝-12⅞ per cent; six months 12⅞-13⅛ per cent; one year 12¹³⁄₁₆-13³⁄₁₆ per cent.
ECU linked deposits: one month 12-12¼ per cent; three months 12⅝-12⅞ per cent; six months 12⅝-13 per cent; one year 12⅝-13⅛ per cent.
Asian $ (closing rates in Singapore): one month 14⅛-14⅜ per cent; three months 14¹¹⁄₁₆-14¹⁵⁄₁₆ per cent; six months 15⅛-15⅜ per cent; one year 15-15⅛ per cent.
Long-term Eurodollar: two years 15¼-15⅝ per cent; three years 15¼-15½ per cent; four years 15¼-15½ per cent; five years 15¼-15½ per cent; nominal closing rates.
Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen: others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 13.90-14.00 per cent; three months 14.40-14.50 per cent; six months 14.70-14.80 per cent; one year 14.60-14.70 per cent.

MONEY MARKETS

London rates steady

UK clearing bank base lending rate 12 per cent (since July 14)

Short-term interest rates showed little change in the London money market yesterday, with one-, three- and six-month interbank all unchanged at 12⅜-12½ per cent. On the other hand the key seven-day rate eased by ⅛ per cent to 12¼-12½ per cent.



Day-to-day credit was in very short supply, and the authorities may not have provided enough help to take out the full shortage, leaving the overnight interbank rate very firm at 18 per cent at the close. A shortage of £600m was forecast in the morning, but this was amended to £700m in the afternoon, while the Bank of England provided £694m assistance. Market sources suggested that the true shortage may have been even higher than the last forecast.

The major factors were: bills maturing in official hands and a net market take-up of Treasury bills −£262m; the unwinding of repurchase agreements −£644m; and a rise in the note circulation −£60m. These were partly offset by Exchequer transactions +£310m.

In the morning the Bank of England bought £620m of bills by way of £5m local authority bills and £8m bank bills in band 1 (up to 14 days maturity) at 12⅛ per cent; £188m bank bills in band 2 (15-33 days) at 12 per cent; £5m Treasury bills in band 3 (34-63 days) at 11⅞ per cent; £2m local authority bills in band 3 at 11⅞ per cent; £97m bank bills in band 3 11⅞ per cent; £20m Treasury bills in band 4 (64-91 days) at 11¾ per cent; £13m local authority bills in band 4 at 11¾ per cent; and £282m bank bills in band 4 (64-84 days) at 11¾ per cent.

Further help of £74m was provided in the afternoon when the authorities bought £28m bank bills in band 2 at 12 per cent, and £46m bank bills in band 4 at 11¾ per cent.

In Amsterdam call money fell to 8⅞-8⅝ per cent from 8⅞-8⅞ per cent, as the net deficit in the money market fell, and may have gone under Fl 1bn. Later in the week the deficit is expected to rise to nearly Fl 6bn on increased seasonal demand for funds, but an exceptional call on the banks' quota borrowing facilities with the authorities may be avoided by the Fl 13.12bn special advance for seven days announced at the beginning of the week.

EUROCURRENCIES

Short $ rates ease

Short-term Eurodollar rates eased yesterday, but longer-term rates showed a slightly firmer tone on speculation that U.S. interest rates may turn up once again at some time within the foreseeable future. An easing of the Federal funds overnight rate in the New York domestic market tended to depress the dollar in spot foreign exchange trading, while the decline in the general level of Eurocurrency rates tended to widen forward premiums of the stronger European currencies against the dollar. Euro Swiss franc rates fell by about ⅛ per cent, leading to a strengthening of the Swiss currency in the forward market, while the D-mark showed a similar trend forward, although Euro D-mark rates were little changed.

With French markets closed for the Bastille Day holiday, Euro French franc rates were also fairly steady, but the forward franc was somewhat erratic.

MONEY RATES

NEW YORK

Prime rate	16½
Fed funds (lunch-time)	13-13¼
Treasury bills (13-week)	12.05
Treasury bills (26-week)	12.28
Lombard	9.00

GERMANY

Overnight rate	8.95
One month	9.325
Three months	9.475
Six months	9.525

FRANCE

Intervention rate	14.75
Overnight rate	15.00
One month	14.6875
Three months	14.625
Six months	14.5625

JAPAN

Discount rate	5.5
Call (unconditional)	7.40625
Bill discount (three-month)	7.28125

LONDON MONEY RATES

July 14 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	11½-18	12⅛	—	—	12¼-12⅝	11½-12	—	—	—
2 days notice	—	—	12¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¼-12½	12¼-12⅜	—	—	12¼	12	—	—	—
One month	12⅛-12⅛	12⅜-12½	12⅛-12⅜	13-12⅝	12⅜	12¼	12	12	12⅛	12¾
Two months	12⅛-12⅛	12⅜-12½	—	12¾-12⅝	12½	12¼	12	11⅞	11⅞	12⅝
Three months	12⅛-12⅛	12⅜-12½	12⅜	12¾-12½	12¼	12¼	12	11¾	11⅞	12⅝
Six months	12⅛-12⅛	12⅜-12½	12⅜	12¼-11⅞	12½	—	—	—	11⅞	12⅛
Nine months	12⅛-12⅛	12⅜-12⅜	—	12½-12¼	12⅝	—	—	—	—	—
One year	12⅛-12⅛	12½-12⅝	12⅜	12½-12¼	12⅝	—	—	—	—	—
Two years	—	—	13-13⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13-13¼ per cent; four years 13¼ per cent; five years 13½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11¹¹⁄₁₆ per cent; four months trade bills 12⅝ per cent.

Approximate selling rate for one month Treasury bills 11⅞ per cent; two months 11¾ per cent; three months 11⅝ per cent. Approximate selling rate for one month bank bills 12 per cent; two months 11⅞ per cent and three months 11¾ per cent; one month trade bills 12½ per cent; two months 12⅝ per cent; three months 12⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13½ per cent from July 1 1982. London and Scottish Clearing Bank Rates for lending 12 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 8 per cent. Treasury Bills: Average tender rates of discount 11.7452 per cent. Certificates of Deposit (Series 5) 12¾ per cent from July 13. Deposits withdrawn for cash 10½ per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (x)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.7	[illegible]	.....	—
Equity Fund	48.7	[illegible]	-0.2	—
Property Acc.	267.9	[illegible]	.....	—
Equity Acc.	48.3	[illegible]	-0.2	—
Selective Fund	146.9	154.[illegible]	-0.4	—
Money Fund	167.6	176.[illegible]	.....	—
Convertible Fund	179.9	189.[illegible]	.....	—
Prop. Fd. Ser. 4	211.1	[illegible]	.....	—
Equity Ser. 4	54.4	57.[illegible]	-0.2	—
Man. Ser. 4	198.7	209.[illegible]	-0.3	—
Money Ser. 4	152.0	[illegible]	.....	—
Conv. Ser. 4	152.2	[illegible]	.....	—
Fixed Int. Fd. Ser. 4	119.8	[illegible]	.....	—
American Ser. 4	110.7	[illegible]	+1.0	—
High Inc. Ser. 4	115.5	[illegible]	-0.3	—
Indexed Inv. Series 4	97.0	[illegible]	.....	—
Pension Property	319.8	[illegible]	.....	—
Pension Equity	283.1	[illegible]	-1.2	—
Pension Selective	148.4	[illegible]	-0.3	—
Pension Managed	298.4	[illegible]	-0.5	—
Pension Security	224.3	[illegible]	.....	—
Pension Fixed Int.	117.0	[illegible]	.....	—
Pension Indexed Inv.	97.2	[illegible]	.....	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	318.5	335.3	-1.0	—
Fixed Int. Acc.	200.1	210.5	-0.3	—
Gtd. Money Fd. Ac.	157.0	165.3	.....	—
Intl. Man. Fd. Acc.	140.2	147.5	+1.3	—
Intl. Fxd. Int. Fd.	108.6	114.3	-0.3	—
Prop. Fd. Acc.	159.8	168.1	+0.1	—
M'ple Inv. Acc.	249.2	262.2	+0.1	—
Equity Pen. Fd. Acc.	437.1	460.0	-1.7	—
Fixed I. Pen. Acc.	324.5	341.5	-0.7	—
G'td. Mon. Pen. Acc.	218.3	229.8	.....	—
Intl. Mn. PnFdAcc.	161.5	170.0	+1.6	—
Prop. Pen. Acc.	211.1	222.2	+0.3	—
M'ple Inv. Pen. Acc.	361.6	380.6	.....	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Crown Life—Continued

St. George Mangd. Fd.	110.2	[illegible]	.....	—
Lincs & Gen. Fd.	116.1	122.2	.....	—
Sage Fd.	84.5	[illegible]	.....	—
Heritage Fd.	98.3	103.4	.....	—
DBS Managed	103.4	[illegible]	.....	—
Crown. Brit. Inv. A		217.2	.....	—
Pens. Mixed. Fd.	149.4	[illegible]	.....	—
Pens. Mang'd. Acc.	111.4	117.2	.....	—
Pens. Mang'd. Init.	107.3	112.9	.....	—
Pens. Equity Acc.	99.8	[illegible]	.....	—
Pens. Equity Init.	95.8	[illegible]	.....	—
Pens. Fxd. Int. Acc.	109.6	[illegible]	.....	—
Pens. Fxd. Int. Init.	105.5	[illegible]	.....	—
Pens. Money Acc.	109.5	[illegible]	.....	—
Pens. Money Init.	105.2	[illegible]	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq., EC3N 4DJ 488 2929

Growth Prop. July 6	101.1	111.2	.....	—
Managed Pens. June 9	117.24	123.41	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	78.2	81.1	+0.2	6.33

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	186.3	195.9	+0.1	—
Higher Inc. Fund	119.7	125.9	+0.1	—
Property Fund	192.3	202.4	.....	—
Fixed Interest Fund	144.6	152.2	.....	—
Index Linked Secs Fnd.	73.8	96.7	+0.2	—
Gtd. Deposit Fund	136.1	143.2	.....	—
Nth. America Fund	104.9	110.4	+0.5	—
Far East Fund	81.7	86.0	-1.1	—
International Fund	96.7	101.7	-0.3	—
Mixed Fund	167.3	176.1	-0.1	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	.....	—
Ind. Pen. Property	144.1	151.6	.....	—
Ind. Pen. Fixed Int.	138.4	145.6	.....	—
Ind. Pen. Indx Lk. Scs.	102.9	108.3	.....	—
Ind. Pen. Overseas	145.0	152.6	.....	—
Ind. Pen. Cash	135.5	142.6	.....	—
Ind. Pen. Balanced	153.9	161.9	.....	—

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent.
LACOP Units

Lloyds Life Assurance
20, Clifton St., EC2A 4HX.

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.

Wardley Nikko As. Fd.	$34.47	37.88	.....	3.01
Wardley Bond Trust	$9.30	9.98	.....	9.58
Wardley Japan Trust	14.60	15.12	.....	1.19

World Wide Growth Management¢
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.39		+0.03	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	36.5	38.0	.....	6.60
Chinese Fund	73.5	76.6	.....	9.30
Precious Metal Fund	148.7	154.6	.....	8.30
Vanguard Cmdy. Fd.	41.4	42.6	.....	2.26
Financial Futures Fd.	110.5	115.0	.....	—
Wren Intl. Fnd.*	$0.835	0.870	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	1982 Low	Stock	Price £	+ or −	Yield Int.	Yield Red.
99⅛	95⅝	Exch. 9¼pc 1982	99⅛	+⅛	9.31	12.27
98¾	94⅞	Exch. 8¾pc 1983	98¾	......	8.86	11.41
95½	91	Exch. 3pc 1983	95½	......	3.14	10.83
99¾	95¾	Treasury 12pc 1983‡‡	99¾	......	12.03	12.26
98	92⅞	Treasury 9¼pc '83	98xd	......	9.44	11.41
102	96⅞	Exch. 13½pc '83	101½	......	13.30	12.16
98⅜	91⅞	Exch. 10pc 1983	98⅜	+⅛	10.17	11.23
95½	87⅛	Funding 5½pc '82-84‡‡	95½xd	......	3.76	8.74
99⅜	91⅞	Exch. 11¼pc 1984	99⅜xd	......	11.32	11.71
102⅜	96¾	Exchequer 14pc 1984	102⅜	+⅛	13.68	12.60
89¾	81¼	Exch. 3pc 1984	89¾	......	3.34	8.89
98⅞	91½	Treasury 12pc 1984	98¾	......	12.15	12.59
104⅝	96¾	Treasury 15pc 1985	104½	......	14.35	12.88
98⅜	89½	Exch. 12pc Cnv. '85	98¼	......	12.21	12.75
85	73½	Treasury 3pc 1985	85	......	3.53	9.08
97⅜	87½	Treasury 11½pc 1985	97⅜xd	......	11.81	12.58
98⅜	88⅝	Exch. 12¼pc 1985	98¾	......	12.41	12.67
97⅛	86⅝	Exch. 11¾pc '85	97	......	12.11	12.79
81½	69	Treasury 3pc 1986	81½	......	3.68	8.77

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked & Variable Rate

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH AND AFRICAN LOANS

LOANS

Public Board and Ind.

LOANS—Continued

Financial

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & H.P.—Cont.

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

Australian

Tins

For Messina see South Africans

Miscellaneous

1982 High	Low	Stock	Price	+ or –	Div. Net	Cvr	Yld Gr's
40	20	Anglo-Dominion	21	......	—	—	—
16½	12	Burma Mines 10p	12	......	0.55	1.0	6.5
130	27	Colby Res. Corp.	42	......	—	—	—
292	170	Cons. Murch. 10c.	190	......	†Q60c	1.9	‡
8	4	††Explaura Gold	4	......	—	—	—
105	55	Highwood Res.	65	......	—	—	—
255	160	Northgate C$1	167	......	—	—	—
468	344	R.T.Z.	387	–4	16.0	2.1	5.9
£108½	£84	Do 9½% Ord. Ln. 95-2000	£93	......	Q9½%	30.0	10.3
20	11	Sabina Inds. C$1	12	+1	—	—	—
44	27	Southwest C. 10p	32	......	—	—	—
500	270	Tara Exptn. $1	285	+13	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- Price at time of suspension.
- Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- No par value.
- Rate applicable to non-Zimbabwean residents.

Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. G Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

			IRISH		
Albany Inv. 20p	40	......			
Bertrams	17#	......	Conv. 9% '80/82	£98⅝	......
Bdg'wtr. Est. 50p	410	......	Nat. 9¾% 84/89	£68	+⅛
Craig & Rose £1	£121xd	......	Fin. 13% 97/02	£76	+⅛
Finlay Pkg. 5p	26	......	Alliance Gas	83	......
Graig Ship. £1	£24	......	Arnott	200	......
Higsons Brew.	85	......	Carroll (P.J.)	72	......
Holt (Jos) 25p	890	......	Concrete Prods.	53	–2
I.O.M. Stm. £1	102	......	Heiton (Hldgs.)	17	......
Pearce (C. H.)	120	......	Irish Ropes	34	–½
Peel Hldgs.	152	......	Jacob	66	

OPTIONS

3-month Call Rates

Brit. Aerospace	17	Lucas Inds.	20	Samuel Props.	11
B.A.T.	38	"Mams"	12	Town & City	3½
Brown (J.)	7	Mrks. & Spncr	12		
Burton Ord.	15	Midland Bank	30	**Oils**	
Cadburys	9	N.E.I.	9	Brit. Petroleum	26
Courtaulds	8	Nat. West. Bank	38	Burmah Oil	10
Debenhams	7	P & O Dfd.	14	Charterhall	6
Distillers	15	Plessey	32	KCA	14
Dunlop	6½	Racal Elect.	35	Premier	6
Eagle Star	31	R.H.M.	6½	Shell	30
F.N.F.C.	4	Rank Org. Ord.	28	Tricentrol	22
Gen. Accident	28	Reed Intnl.	26	Ultramar	58
Gen. Electric	65	Sears	6		
Glaxo	42	T.I.	13	**Mines**	
Grand Met.	17	Tesco	5½		
G.U.S. 'A'	45	Thorn EMI	42	Charter Cons.	25
Guardian	25	Trust Houses	11	Cons. Gold	45
G.K.N.	15	Turner & Newall	11	Lonrho	7
Hawker Sidd.	30	Unilever	55	Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 35

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Thursday July 15 1982

HOWE SET TO URGE TIGHT REIN ON BUDGETS

Ministers warned on spending

BY PETER RIDDELL, POLITICAL EDITOR

SIR GEOFFREY HOWE, the Chancellor, will try this morning to persuade the Cabinet to agree to keep public spending levels next year as close as possible to existing plans, in the face of proposals from spending ministers for an additional £5bn.

A Treasury paper circulated to Cabinet Ministers warns that unless public expenditure in 1983-84 is held close to the £121bn proposed in last March's White Paper, there will be no chance of significant tax cuts in next spring's Budget—probably the last budget before a general election.

Under existing plans, there is room for only about £500m of tax reduction, equivalent to ½p off the basic rate of income tax. The Treasury sees no reason to believe that the margin is larger.

The Treasury hopes the Cabinet will decide the overall planning total for 1983-84 in as clear-cut and unequivocal form as possible, allowing bilateral talks between the Treasury and spending ministers to start in September.

There is also likely to be some discussion today about the broad economic strategy. The Confederation of British Industry is pressing the Government for action to stimulate the economy, but there are no signs of an autumn package.

Mrs Margaret Thatcher, is understood to have told ministerial colleagues that public spending must be held down to permit tax cuts and a further reduction in interest rates next year. She is said to prefer reductions in income tax, notably by means of raising tax thresholds and allowances, rather than further direct help for industry.

The main items in the additional £5bn being sought by Whitehall departments are extra expenditure on the Falklands operation, on defence equipment generally, on local authorities, on public sector wages after this year's higher-than-expected settlements, on social security benefits and on nationalised industries.

One Minister said the nationalised industry finance and investment review, recently circulated around Whitehall, made worrying reading—particularly in view of the projected financial needs of British Steel. Even Treasury ministers concede that it will be impossible to get local authority expenditure down to the desired level next year in view of current overspending.

The additional total sought is not excessively large at this stage of the annual spending review, but several spending ministers have argued that it is needed not for expansion, but to maintain the existing level of services.

Spending ministers argue that the introduction of the new system of cash planning of expenditure in money terms, rather than the old "funny money" planning in volume terms at constant prices, means that insufficient allowance has been made for the actual rise in the cost of programmes. The Treasury assumption of 6 per ceint inflation between the current financial year and 1983-84 is regarded as too low by many departments.

There is some leeway to finance part of the bids for extra spending, since £4bn has been allowed for the contingency reserve for unallocated items within the £121bn total for 1983-84.

Meanwhile, the long-standing row between the Treasury and the Ministry of Defence is likely to erupt again, over the issue of increases in the cost of defence equipment and over requests for naw and improved weapons systems.

Turkey's deputy premier resigns

BY METIN MUNIR IN ISTANBUL

MR TURGOT OZAL, Turkey's deputy prime minister and architect of the country's economic recovery in the past 18 months, resigned yesterday after disagreeing with the military government over the conduct of his policies.

Mr Bulent Ulusu, the Prime Minister said last night that "there will be no change in the economic policy or any deviation from it. The stability programme will continue to be applied."

Mr Ozal's departure comes as the Turkish economy, after steady recovery since 1980, appears set to slide into recession. Low domestic demand and the high cost of borrowing have brought many companies into difficult straits and the banking system to near paralysis.

About 20 of Turkey's largest private companies have applied to the Government for financial support. Most banks have stopped new lending and are having difficulty in recovering some outstanding loans.

Large-scale changes are also imminent in the central bank, the state planning organisation, the foreign capital department, and the Ministry of Finance.

Any changes to Mr Ozal's policy, which received generous support from the International Monetary Fund and Western governments and banks, could lead to a break with the IMF, with which Turkey has a three-year standby agreement. This could lead, in turn, to a halt in the flow of vital funds from the West.

Total compliance with the IMF's strict economic guidelines could, however, increase popular discontent, which for the first time since the military coup in September 1980, is becoming a serious threat to the popularity of the regime. The generals face a referendum on their new constitution in November.

Mr Ozal's position in the Cabinet has been abolished. His job of running the economy will be undertaken by Mr Adnan Beser Kafaoglu, who becomes Minister of Finance. Mr Kafaoglu, 56, has been special economic adviser to General Kenan Evren, the Head of State and Chief of Staff.

A little-known figure, Mr Kafaoglu has close connections with the large private groups in Istanbul, and a reputation as one of Mr Ozal's main opponents.

Mr Ozal's resignation followed the departure of Mr Kaya Erdem as Minister of Finance, yesterday morning. Mr Erdem, who owed his appointment to Mr Ozal and gave him full suport, resigned because he bore most of the blame for the recent collapse of Banker Kastelli, Turkey's biggest money broker.

Nurses' ballot move upsets health unions

BY JOHN LLOYD, LABOUR EDITOR

THE Royal College of Nursing, the main nursing union, yesterday disappointed the TUC-affiliated health unions with a narrow decision to ballot its members on the Government's 7.5 per cent offer to nurses.

The decision, by a majority of six-to-five of the college's labour relations committee, dashes hopes among other unions that the RCN would reject the offer. The college's 190,000 members voted last month to reject an earlier 6.4 per cent offer by a majority of two-to-one in a postal ballot.

The health unions all-out three-day strike timed to begin next Monday, but fear that the five-week period the RCN needs to complete its latest ballot may see a slackening of solidarity.

Although the RCN will not make a recommendation on the ballot, Mr Trevor Clay, its new general secrtary, said he believed 7.5 per cent was the Government's final offer.

Mr Clay also warned that the Government's offer to talk about a new pay structure for nurses for next year might slip away if the present dispute was prolonged.

Mr David Williams, assistant general secretary of the Confederation of Health Service Employees (Cohse), said last night that a decision on future action would have to be taken at a meeting o fthe TUC's health services committee on Thursday.

It depended largely on the response to the strike call.

The Government last night reiterated its tough stand. Mr Geoffrey Finsberg, Parliamentary Secretary for Health, told the Institute of Health Service Administrators: "There is no more money available for this year's pay round. No amount of industrial action is going to change that."

● Mr Len Murray, the TUC general secretary, has condemned the Government's threat to discipline 550 civil servants who supported the health service staff.

"This is nothing more than a crude attempt to prevent other trade unionists from showing their support for the health service workers' legitimate claim to a fair pay settlement," he said.

Continued from Page 1

Rail closure deadline

strikers saying that they are in breach of their contracts of employment, and are therefore dismissed.

Included in the letters, which will go to probably just under 23,000 staff will be a simultaneous offer of immediate re-engagement on condition that an undertaking to work the new flexible rosters is signed.

BR hopes that its decision will so increase pressure, on Aslef members in particular, to defy the strike that it will not be necessary to shut down the system, though this seems a remote chance.

By not moving directly into a suspension of the guaranteed work arrangements, BR is also rewarding staff who have so far neither gone on strike nor defied it.

BR is still talking of a long stoppage, but some private estimates now circulating suggest that Aslef may be beaten in three to five weeks.

Senior BR officials were cautious yesterday about the possibility of mounting an individual ballot of its workers on the issue of flexible rostering, believing that the latest moves would allow strikers to declare their intentions.

However, BR re-stated its resolve to press ahead with imposing the new rosters by posting them at 59 more drivers' depots today to come into force on Monday.

This lessens the chances of further interventions by either Acas or the TUC.

In the talks which ended early yesterday, Aslef proposed that BR withdraw the rosters in return for which the strike would be suspended; that negotiations on the issue begin and be completed within 48 hours; and the results be placed before a recalled meeting of the union's policy-making annual conference within seven-to-10 days.

BR rejected these proposals.

The union response to BR's announcement waa sharp. Mr Ray Buckton, Aslef general secretary, described it as a "disastrous step."

The board's announcement yesterday was delayed at the request of Mr Michael Foot, leader, who then met Sir Peter Parker and tried unsuccessfully to persuade BR to reconsider Aslef's proposals.

After some tough talking BR now believes Mr Foot has "a clearer understanding" of the position.

The Government is digging in for a bitter and protracted closure. It is preparing a short-term loan for BR, which will attract high interest rates, worsening BR's already gloomy financial position.

Continued from Page 1

Banco Ambrosiano

sed in Milan, Nassau and Luxembourg via the Euro-market. In the first two cases, in Milan and Nassau, funds were purchased in the short-term inter-bank markets. The Luxembourg company, however, drew on syndicated credit managed by a number of leading European banks, including National Westminster, Midland and Credit Suisse. In all, 250 banks were involved.

Repayment of the Milan parent's $700m inter-bank borrowings is now assured—regardless of the Vatican's attitude—as a result of the formation of a six-bank "lifeboat" consortium under the aegis of the central bank.

The speedy action of the Rome authorities reflects their anxiety that the crisis should not affect the credit standing of other Italian borrowers in the Euromarket.

Pending the final outcome of the talks with the Vatican, however, the situation of the Luxembourg and Nassau companies is more complicated. The Italian rescuing consortium is not willing to be involved in either case.

This explains why, at the instigation of the Bank of Italy, Ambrosiano Holdings has been placed by the Luxembourg courts under *gestion controlée*. This means all its activities, assets and liabilities are frozen for three months. A similar moratorium is being sought with the Bahamas authorities to cover Banco Ambrosiano Overseas.

The Bank of Italy intends that during this period the Vatican will facilitate a full repayment of the Panamanian companies' loans, allowing as must as possible of the $1.4bn to flow back along the channels it came from.

The resolution of this depends upon agreement over the precise legal nature of the Vatican's backing for the Panama companies. It was provided to the Ambrosiano Group in the form of "comfort" letters from the IOR, acknowledging the Vatican's control over the companies and awareness of their borrowing.

Establishing the letters' status will be the key task of the experts investigating the links of the IOR and the Ambrosiano Group. The relationship between them has been the subject of intense speculation since the death by hanging of Sig Roberto Calvi, Banco Ambrosiano's late chairman, in London last month.

Three experts have effectively superseded Archbishop Paul Marcinkus at the head of IOR. The Vatican's earlier refusal to co-operate with the central bank appears to hava softened accordingly.

Cable and Wireless makes £97.7m profit

BY GUY DE JONQUIERES

CABLE and Wireless, the telecommunications group in which the Government sold almost half its shares last October, reported pre-tax profits of £97.7m for the year to March 31, up from £62m the previous year.

The results were ahead of October's forecast. Cable and Wireless expected pre-tax profits for the year of not less than £84m.

The additional improvement of almost £14m was because of the favourable impact of currency movements on the group's revenues, almost all of which are earned abroad, interest earnings and a quicker-than-expected recovery in non-franchise business.

After deduction of interest earnings and currency gains, the underlying profit growth is understood to have been about 14 per cent. Turnover rose to £354.6m from £293m.

More than three-quarters of Cable and Wireless' business comes from franchises, the biggest being in Hong Kong and Bahrain. It installs public telecommunications systems at its own cost and in return receives a share of the operating revenues.

Cable and Wireless does not publish separate figures for the different parts of its operations. But profits from the non-franchise business are believed to have more than doubled last year to almost £10m.

This improvement was helped by a sharp turnaround in the group's U.S. operations, which moved into profit last year. Cable and Wireless said all its businesses in Continental Europe were also profitable last year.

A recovery was also under way in its franchise business in the Yemen Arab Republic. The business is breaking even after losing £3.5m on a turnover of £4.7m in 1980-81.

Cable and Wireless said the first stage of the Mercury project to build an independent business communications network in the UK would be operating in London by early next year. The group has a 40 per cent interest in the project, in which British Petroleum and Barclays Merchant Bank are the other partners.

Mercury has budgeted initial investment of £50m. Cable and Wireless said this could rise to £1bn over the next enough.

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Council wins deal on refuse service

By John Lloyd, Labour Editor

WANDSWORTH COUNCIL is going ahead with its plans to contract out refuse collection, after winning the agreement of shop stewards.

The London borough's dustmen will be given high redundancy payments in return for a written commitment that they will not oppose the privatisation of the service, and that they will call on their unions not to oppose it either.

Wandsworth Council voted on Tuesday to make more than 200 dustmen redundant and to contract out refuse collection in the borough to Grandmet Waste Services, at an estimated saving of £7.5m over the next five years.

A tender put in by the workforce, which would have given £6.5m savings, was rajected.

The council becomes the first in London to have privatised its refuse collection and street cleansing Pritchard Industrial Services has the contract for cleansing.

It has given its maintenance workshops contract to the workshops' labour force, and is considering the privatisation of part of its housing department, the management of its baths and halls and its mobile maintenance service.

The key feature of the refuse services operation is the safeguarding of the newly-privatised services from disruption by paying comparatively large sums of money to the dustmen made redundant.

The unions mounted a fierce campaign of opposition the year to privatisation of the cleansing services and there were numerous allegations of violence and intimidation in that fight.

Mr Maurice Heaster, deputy council chairman and establishments committee chairman, said yesterday that £1m had been set aside to pay off 201 dustmen — £700,000 more than the statutory redundancy requirements.

These payments will run into many thousands of pounds for workers with long service. In return for them, the dustmen will pledge not to take part in action aimed at disrupting the new contract. Also they will call on heir unions—the General and Municipal Workers' Union and the National Union of Public Employees—not to institute any action through other sections of the workforce.

Mr Heaster said the shop stewards representing the dustmen had agreed to this deal. He expected that a number of them would be taken on by Grandmet.

Weather

UK TODAY

OUTBREAKS of rain, mostly warm with thunder in places.

Most of England
Bright intervals; heavy showers. Max 24C (75F)

Western regions
Rain heavy at times. Max 23C (73F)

Borders, most of Scotland, N. Ireland
Rain; cooler. Max 20C (68F).

N.E. Scotland
Heavy rain; coastal fog. Max 16C (61F).

Outlook: Rain continuing; becoming coolar.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L. Ang.†		—	—
Algiers	S	23	73	Luxmbg.	F	28	82
Amsdm.	S	29	84	Luxor	S	37	99
Athens	S	30	86	Madrid	F	25	77
Bahrain	S	37	99	Majorca	S	29	84
Barclna.	F	28	82	Malaga	S	32	90
Beirut		—	—	Malta	S	35	95
Belfast	R	14	57	M'chstr.	S	23	73
Belgrd.	F	25	77	Melbne.	S	11	52
Berlin	F	28	82	Mx. C.†		—	—
Biarritz	S	22	72	Miami†	S	26	79
Bmghm.	T	18	65	Milan	S	28	82
Blackpl.	S	24	75	Montrl.†	S	18	64
Bordx.	C	22	72	Moscow	S	29	84
Boulgn.	C	21	70	Munich	S	27	81
Bristol	C	17	63	Nairobi		—	—
Brussels	S	28	84	Naples	S	29	84
Budpst.	F	24	75	Nassau		—	—
Cairo	S	28	82	Nwcstl.	S	18	64
Cardiff	C	18	64	N York†	F	23	73
Cas'b'ca	S	23	73	Nice	F	28	82
Cape T.	S	26	79	Nicosia	S	27	81
Chicg.†	C	21	70	Oporto	C	18	68
Cologne	S	30	86	Oslo	F	24	75
Cpnhgn.	S	25	77	Paris	F	26	79
Corfu	S	29	84	Perth		—	—
Denver†	F	16	61	Prague	F	27	81
Dublin	S	19	66	Reykjvk.	F	14	57
Dbrvnk.	F	22	72	Rhodes	S	28	82
Ednbgh.	S	18	81	Rio J'ei		—	—
Faro	S	21	70	Rome	S	30	86
Florence	F	33	81	Salzbrg.	S	27	81
Frankft.	S	30	86	S F'cisct		—	—
Funchal	F	22	72	S. Moritz		—	—
Geneva	S	27	81	Singapr.		—	—
Gibraltar	S	27	81	S'dgot		—	—
Glasgow	C	18	64	Stckhm.	S	23	73
G'nsey	S	19	66	Strasbg.	F	30	86
Helsinki	S	22	72	Sydney	C	13	55
H. Kong	C	30	86	Tangier	F	23	73
Innsbrk.	F	29	84	Tel Aviv	S	28	82
Invrnss.	C	17	63	Tenerife	F	24	75
I.o.Man	S	21	70	Tokyo	C	27	81
Istanbul	T	25	77	T'ronto†	S	16	61
Jersey	S	21	70	Tunis	F	39	102
Jo'burg	S	14	57	Valencia	S	32	90
L. Plms.	F	24	75	Venice	S	27	81
Lisbon	C	21	70	Vienna	S	26	79
Locarno	S	26	79	Warsaw	F	27	81
London	R	19	66	Zurich	S	27	81

C—Cloudy. F—Fair. R—Rain. S—Sunny. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

Loud and clear from C & W

Index fell 0.5 to 553.8

Nervous holders of Cable and Wireless who sold out below 200p at the end of last year will not have appreciated the subsequent rise in the price to a peak of 298p. The forecast of £84m pre-tax profits has been comfortably exceeded, with an outcome of £97.7m. This is not so dramatic an over-performance as it appears at first, since currency movement have chipped in £7m and higher interest rates than assumed a further £5m. Nevertheless, the outcome incorporates provisions of £7.6m for reorganisation — a figure that had not been suggested in the offer document.

So the trading performance has baen somewhat healthier than expected, with an underlying improvement of about 14 per cent. In particular, the non-franchise operations appear to have been successfully cleaned up, with a contribution up from £3.8m to £9.6m. Meanwhile, the operations in the Yemen and the U.S. have both been turned round into profit.

On the franchise side, traffic has increased by between 15 and 20 per cent worldwide, with the pace of growth in Hong Kong slowing somewhat although remaining well above the average. Trading profits should be up another 14 per cent or so in the current year, although investment income will be squeezed when the best part of £68m is paid over to the Inland Revenue next January. The outcome may be in the region of £115m. The shares shed 7p yesterday to 283p, to produce a yield of 3.4 per cent.

Pilkington

The chairman of Pilkington Brothers warns that UK trading results will again be depressed this year, but adds that prospects overseas are again "good overall." Among the group's major overseas markets, however, Germany in particular can be no fun at all at the moment, and the improvement in the UK—where flat glass prices are under pressure from imports—will depend on cost elimination and a lower level of redundancy payments.

At this stage, given that licensing income will be sharply lower, it is hard to imagine 1982's pre-tax profits being much above last year's £53m. In the long run, whatever it may do in the current year, Pilkington must spend more than its depreciation charge in order to maintain operating capacity and replace lost licensing income. Last year it laid out £94m on fixed assets and £48m on investments, compared with a replacement cost depreciation charge of £89m. The investments werem ore than funded by £54m of asset sales, and yet Pilkington ran a £51m cash deficit.

The balance sheet still looks solid, but it is hard to see where the next dividend increase is coming from. The market does not yet consider Pilkington a yield stock, however, at 202p the yield is 7½ per cent.

Tour operators

Holiday tour operators enjoyed booming business far further into the recession than anyone expected. But this summer the level of bookings has dropped off and there are few signs of a late surge, so volume is likely to show a decline of some 6 per cent. The disappearance of Laker from the scene has removed about the same amount of capacity; unfortunately an ambitous industry had planned capacity increases of between 10 and 15 per cent. The result has been aggressive discounting with a direct affect on the margins of discounters, and an indirect effect on the non-discounters through lower load factors.

It is against this background that the shares in the sector have been falling in recent months. Horizon is 21 per cent below its peak this year and Intasun is down 24 per cent. While both these companies have seen some margin squeeze, they have been insulated from the downturn by their ability to continue gaining market share. Volume in each should be up by 10 per cent; a similar rise is likely in pre-tax profits, a sharp deceleration of the growth in recent years.

Both stocks are now offering prospective p/e's in single figures, fully taxed, and the likelihood must be for a couple of stagnant years. Consumer spending may be as late to respond to any upturn as it was to the downturn. Meanwhile both companies may have seen the best of the gains in market share. Thomson shows signs of fighting back, while Cosmos is now a much smaller target.

AEG-Telefunken

The German government's DM 600m export credit guarantee for AEG-Telefunken tides the business over for a while, but is no sort o fsolution to its long-term problems. The company's banks are being obliged to put up a further DM 275m, for which they may get some sort o fsecurity. But that will only undermine the backing for their existing loans, and they must be nearing the point at which further involvement with AEG runs against the interests o ftheir own shareholders.

On possible solution—with or without GEC—being canvassed in Germany would be for AEG to file for partial bankruptcy under the German equivalent of Chapter XI, under which perhaps half of its liabilities (to trade creditors as well as banks) could be written off. That would bring gearing down far enigh to leave it with a chance of trading its way out of difficulties, and although the banks would have to swallow hard and write off DM 2½bn or so, their balance sheets would at least be clean at the end of it all.